THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

January 18, 1941

Japanese "Development" Firms Progress Only at Cost of Chinese Economy

Nippon Threat in Pacific

New Mystery at "No. 76"

Hull Condemns Japan

Sweeping Provisions for U.S. Assistance to Democracies in Lease and Loan Bill

VOLUME 95 PRICE 80 CENTS (in China) NUMBER 7

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After We Sell—WE SERVE

What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

THE LAST HOPE

To the Editor:

Thousands lost their last hopes of rebuilding their lives when America cancelled immigration facilities for German refugees a few months ago. The cancellation was not an amendment to existing U.S. legislation, but the more rigorous application of those laws, applicants who could have qualified for visas at the beginning of 1940 being refused them now. Officially reasons given for the refusals of visas are that the applicants may become public charges in view of unemployment at present in America. These reasons are legitimate if the applicant is unable to supply satisfactory guarantees, but they are given too in cases where such guarantees have been forthcoming. Only the guarantees of immediate relatives, such as parents, children, brothers or sisters now are accepted, those of more distant relatives or those of even very wealthy friends being refused.

So far as unemployment is concerned, it seems doubtful if the admission of even 27,000 immigrants under the regular German quota would add much to this problem, and particularly so since it must be assumed that unemployment will diminish on account of the rearmament project.

If "National Emergency" is the real reason for the refusal of visas to applicants properly provided with means of support and with appropriate guarantees, then they must be suspect as political agents, or "fifth columnists," which grounds, of course are perfectly justifiable. It is a fact, however, that visas are being refused by American consuls without any investigation being made into the applicant's political character, although refugee committees which have been established in nearly every country are in a position to render the utmost assistance to investigators, if they were approached.

There are many refugees of means who managed to escape from Germany and later from the German occupied areas, but by far larger is the number of refugees with but small resources and who are still in Germany and the occupied areas, longing for immigration to America under arrangements which they made as long as two years ago. Not only are these latter in Germany and the occupied areas, but many of them are in the Far East, where they are unable to find means of support in competition with Chinese labor—and they have to stay on here in a political situation so menacing that the American Government has advised its citizens to return home.

The fate of thousands of expelled now depends on the just interpretation of American immigration laws—the application of those laws justly and humanely. Will the fairness and human sympathy of Americans in general now be violated by the too rigorous application of the law, by the refusal to all legitimate applicants of a new home in a land of liberty. In this case our last hope will have gone.

H.W.F.

Shanghai, Jan. 10, 1941.

S.M.C. FINANCE

To the Editor:

I heartily agree that the time has come when the Shanghai Municipal Council's spending must be placed under greater control of the ratepayers, who are never consulted until the S.M.C. is ready with the **fait accompli** of an extraordinary deficit, to meet which the Ratepayers are compelled to agree with rate increases whether they like them or not.

There will have to be whittling down among the bigger salaries instead of the small and there will have to be other economies effected. That is imperative.

My own business has managed to stand the financial crisis and none of my workers are underpaid. What cutting had to be done was along rational lines, and the axe was applied to myself before anything else. By dispensing with luxury expenditure in my business, all of which is conducted in Chinese currency, my whole staff has been retained and has been given decent high cost of living allowances. They are contented because I have gone to some lengths to explain to them exactly what the situation is; that their living as well as my business depended on **rational** economy.

As a result of this policy, wastage of time and material has been reduced to the greatest possible minimum and output increased to the greatest maximum consistent with efficiency. The employees have become, to a remarkable extent, managers of the business, and they are making an excellent job of it.

The point of the foregoing is that results have been achieved by good business management, of which the Council has been sadly lacking.

I would suggest that the ratepayers hold a meeting closed to Councillors and high Council officials, elect a board of city management, and rule that the approval of the management must be obtained before Council spending is permitted. And I would suggest that this board of management represent the vast body of Shanghai ratepayers, not the all-too powerful Taipans and their vested interests.

S.O.P.

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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AMERICAN STOCK AND COMMODITY QUOTATIONS

January 15, 1941

STOCKS

Amer. Locomotive	16⅛
Amer. Waterworks	7
Anaconda Copper	26⅛
Bethlehem Steel	86⅞
Chrysler	68¼
Elec. Bond & Sh.	4
Gen. Motors	46⅝
Goodyear T. & R.	19⅝
Gt. Nthrn. Rly., pfd.	27¼
Lockheed Aircraft	26⅞
Mont. Ward	38⅞
N. Y. Central	14¼
Texas Corp	38½
U. S. Steel	67⅝

COMMODITIES

New York Cotton, Jan.	10.38
New York Rubber, Mar.	19.67B
New York Hides, Mar.	13.11/12
Chicago Wheat, May	87¼/87⅛
Chicago Corn, May	63¼/63⅜
New York Sugar, No. 4, Mar.	0.74½B/75A

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JAPANESE THREAT CAUSES U. S. TO PREPARE FOR WAR IN PACIFIC

JAPAN'S threats resulting from President Roosevelt's plan to extend practically unlimited aid to Great Britain, has caused the United States to take steps looking toward an outbreak of war in the Western Pacific. Latest developments, aside from the practically complete evacuation of American women and children from areas likely to be drawn into the war include the decision to strengthen the U. S. Asiatic Fleet as a distinct naval unit capable of coping with the Japanese Fleet, the placing of the Pacific and Asiatic Fleets on a full war strength footing, and finally the speeding up of work on naval bases in the Pacific regarded as necessary in the event Japanese-American relations grow worse.

On Jan. 8 President Roosevelt appointed Rear-Admiral Husband Edward Kimmel as Commander-in-Chief of the U. S. Fleet, which, according to Secretary of the Navy, Col. Frank Knox, is to be divided into three distinct units, the Pacific Fleet, Asiatic Fleet and the Atlantic Fleet. Rear-Admiral Thomas Charles Hart, who is a submarine expert, will remain as Commander-in-Chief of the U. S. Asiatic Fleet, while Rear-Admiral Ernest King will command the augmented Atlantic Fleet.

Aside from negotiations now in progress for an Anglo-American understanding whereby the United States could use British bases in the Pacific, definite American intentions were indicated in President Roosevelt's latest budget message to Congress, requesting funds for an expansion of defense establishments in the Pacific, including Guam, the Philippines and Samoa as well as Hawaii, Palmyra, Johnson and Midway Islands.

According to *United Press* report from Washington on Jan. 9, President Roosevelt's estimated proposed expenditures in this sector would exceed US$35,000,000. At Guam the Navy proposed to expend US$437,500 for sea plane operating facilities. The Navy also asked for US$5,500,000 for channel and harbor improvements in the 14th Naval District.

Naval experts recalled that the Navy proposed to make Guam improvements from 14th District funds a year ago but was halted by Congressional objections. Experts believed the Administration would seek Congressional authorization, as well as an appropriation for Guam defence projects, before proceeding.

Specific allocations of U.S.$13,000,000 were made for Hawaiian naval projects. The Navy also indicated it would ask US$215,000 for Philippines naval defence construction—the largest amount thus asked in recent years.

Philippines proposals included US$150,000 for the Dewey drydock and the power plant at Olongapo and US$65,000 for petrol storage facilities and pipelines at Langley point.

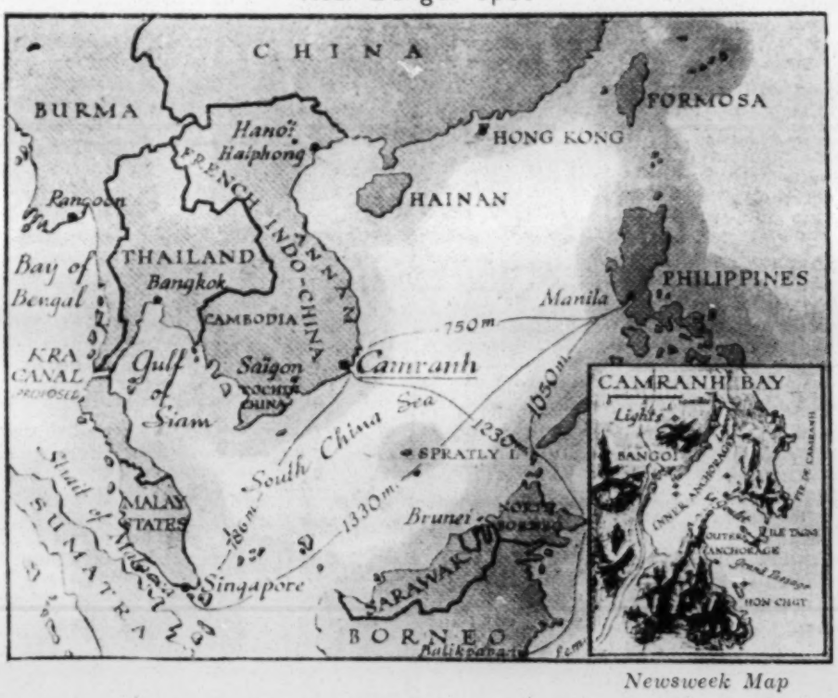
Guam allocations included US$187,500 for extension of military roads and US$250,000 for improvement of the power plant. Samoa proposals included US$250,000 for varied projects.

Other projects included seaplane hangars at Midway, and petrol storage facilities at Johnson Island.

Proposals were made to expend US$1,491,000 at Sitka, Alaska, US$2,292,000 for a naval air station at Dutch Harbour, Unalaska, and also provided US$65,000 to strengthen harbour defences at Bishop's Point in the 14th Naval District in mid-Pacific.

President Roosevelt's fiscal recommendations yesterday for 1942 heavily emphasized the defence importance of the Caribbean in national defence plans but indicated the major portion of emergency construction work in that area will have been completed with appropriations already provided.

Real Danger Spot



Newsweek Map

Only one new project was indicated—a series of improvements at the San Juan naval air station expected to cost US$1,105,000.

One new naval construction project also was designated at Guantanamo at a cost of US$170,000.

Naval defence projects proposed for the Isla Grande, Puerto Rico, air station included US$300,000 for the landing field, US$255,000 for additional parking areas, US$250,000 for additional barracks and mess hall and US$200,000 for bachelors' quarters.

The War Department indicated that it would continue with the recent projects for which the first appropriations were secured last year, including the construction of petrol and bomb storage facilities at the cost of US$1,021,000.

Neither the War Department nor the Navy Department disclosed detailed estimates for special

activities of the air corps or naval fleet arm in the Caribbean, but generally indicated increased and broad emphasis would be devoted to this area.

President Roosevelt's complete request to Congress, embraced in his budget speech, was for approval of a stupendous U. S. Budget of U.S. $17,585,000,000 for the fiscal year ending June 30, 1942. Some authorities forecast ultimate expenditures for aid to Britain would cost between U.S. $3,000,000,000 and U.S. $10,000,000,000, besides the huge domestic budget.

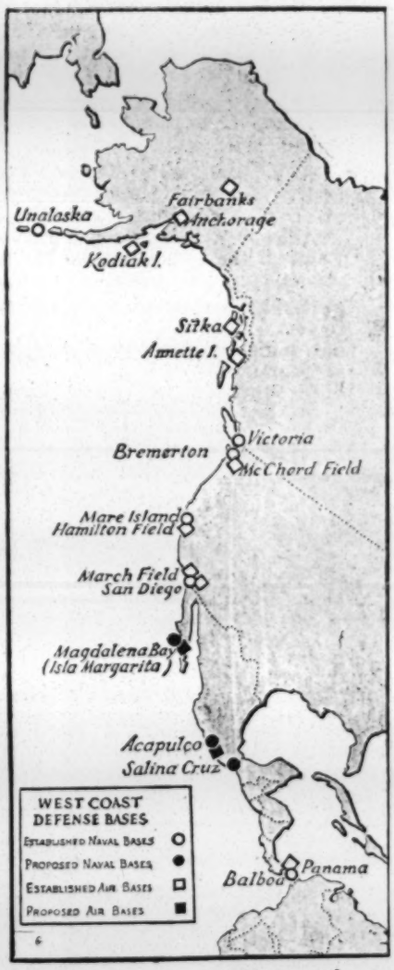
The President said that the more than U.S. $28,000,000,000 three-year defence allocations were composed of U.S. $13,704,000,000 for the Army, U.S. $11,587,000,000 for the Navy, U.S. $1,902,000,000 for expansion of industrial plants and U.S. $1,267,000,000 for other defence activities.

The Army's huge appropriation did not include such items as U.S. $34,932,000 for a second set of Panama Canal locks or many other civil expenditures which also may serve as defence objectives.

The defence budget will support an Army of 1,400,000 men — unprecedented in U.S. peacetime history—and a Fleet of approximately 300 warships.

The President proposed to spend a total of U.S. 1,515,000,000 for new ship construction during the fiscal year alone and U.S. $142,000,000 for modernizations and improvements of existing vessels to keep all over-age ships in fighting trim.

West Coast Defense



Newsweek

Pay for the Army, consisting of 100,000 conscripted men and 500,000 regular troops, alone will amount to U.S. $1,100,000,000, while the appropriation for the vastly-expanded Army Air Corps will be U.S.$1,190,354,000.

The appointment of Admiral Kimmel as Commander in-Chief was regarded—in U. S. Naval circles and also in Japan—as designed to provide a unified command and more complete coordination of the Fleet in the event the United States became involved in hostilities. Col. Knox said that the reorganization did not involve any shifting of the Fleet strength, indicating that the major force will continue to be thus concentrated in the Pacific. It was thought that the new ships, completed and in construction, probably would be assigned to the new Atlantic Fleet. The strengthening of the Asiatic Fleet also proceeds rapidly. Dispatches from Manila in December told of the rapid expansion of both the submarine and aviation branches. The Asiatic Fleet now based at the Philippines, includes the cruisers Houston, Marblehead and Cincinnatti, three divisions of destroyers, 26 long-range patrol bombers, the aircraft carrier Langley, 18 large submarines and six S-Boats, plus a train of supply ships. The Army's first-line strength consists of about 80 planes. Twelve large submarines and the rehabilitated Squalus arrived at Manila the day before Christmas.

HITLER'S "SQUEEZE PLAY" ON JAPAN

Admiral William V. Pratt, retired, in a summing up of the situation in the Pacific (*Newsweek*, Dec. 20) expressed the view that Hitler's worldwide political jockying was in effect a world-war "squeeze play" and despite Axis claims for success, the underlying note of weakness was apparent and indicated that the whole set-up was a house of cards which would crumple to earth with any major British success. He said that Japan was aware of this weakness and realized that Nippon had become the cat's paw of Nazi political maneuvers in the Far East. Admiral Pratt said that if the Japanese were sure of the soundness of Nazi strategy, "why should it be necessary for the press of Japan to sound such notes of alarm?"

Admiral Pratt said that unfriendly sentiment of America toward the Axis and the aid "short of war" we are giving to Britain are clear enough to the authorities of Tokyo, hence any blow which Tokyo aimed at Britain in the Orient "would be a back-hand slap at America, since the United States now under war conditions, is the backdoor guardian of Britain's interests in the Pacific quite as much as we are of our own. Continuing, Admiral Pratt said:

> The soft spots in the Orient are the Dutch East Indies and French Indo-China. The latter appears the more probable for an offensive venture. For the capture of French Indo-China, now torn between the adherents of Free France and the Vichy government, would provide excellent sea bases for a further venture, particularly toward Singapore. And this famous British base is now more valuable to us than to Britain, as we have a fleet available to use it and Britain has not.
>
> The taking of Singapore would make Japan a neighbor of a friendly Thailand (Siam) and nearer to the accomplishment of a long-cherished project, the dredging of the Kra Canal. This project—also a dream of de Lesseps, the builder of the Suez Canal—is to be a sea-level waterway across the territory of Siam. The length to be dredged is about 33 miles. Completion would shorten the distance from Europe to the Orient about 700 miles (and from Tokyo to India by 1,500 miles.
>
> Of more immediate importance, however, would be the capture of sea bases in Indo-China. Particularly valuable is Camranh Bay (see map, previous page). Strategically it is well located, as it is about equidistant from the Dutch East Indies, the Philippines, and Singapore, and guards the passage between the latter two. It controls traffic in the South China Sea as bases at Formosa and Hainan never could. Support of Camranh as a base is feasible so long as Japan's fleet controls the South China Sea, which it does at present, with our Pacific Fleet based at the Hawaiian Islands.
>
> The only fly in the ointment to Japan's vast schemes of conquest is our Pacific Fleet and control of the Philippines. For Japan, the Philippines are an essential in any determined quest for Oriental domination by the military route. But on the other side of the picture, this island group would be the ideal spot for location of a superior sea force that was intent on maintaining the status quo and preventing the extension of the European war to the Pacific.
>
> Based on the Philippines, superior sea power would cover the Dutch East Indies and be a position to harass any military movements directed toward the occupation of French Indo-China or Singapore. Equally important, it would lie athwart the lines of communication between Japan and its forces operating far south.
>
> Military-minded Nazi strategy has done sea-minded Japan no good turn. By artful promise it has played upon Japan's ambition and natural right for economic expansion, substituting for the normal way its own method of conquest.

Sweeping Provisions Contained in Lease and Loan Bill; Aid for Greece, China and Britain Specifically Asked

Introduced into the U.S. Congress on January 10, the eagerly anticipated "Act to Promote the United States Defense," as it is officially known, and the "Lease and Loan Bill," as it rapidly became named, called for sweeping power to be bestowed on President Roosevelt.

Specifically asking for assistance to Greece, China and Britain, President Roosevelt's third administration went to even greater lengths than had been hoped among the most optimistic of the three democracies.

According to a Retuer version, the Bill, if it is passed, will provide:

"Notwithstanding any other law, the President may from time to time when he deems it to the interest of national defense authorize the Secretaries of War and the Navy or the head of any other department to:

"Firstly, manufacture in arsenals any article for defence of any country the President deems vital for U.S. defense:

"Secondly, sell, transfer, exchange, lease, lend or otherwise dispose of to any such Government any defense article;

"Thirdly, test, inspect, prove, repair, outfit, recondition or otherwise replace in good order defense articles for other Governments;

"Fourthly, communicate defense information to foreign Governments;

"Fifthly, release any defense article for export.

"Defense articles are defined as 'any weapon, munition, aircraft, vessel, machinery, facility, tool, material or supply necessary for manufacture, production, processing, repair and servicing operations.'"

The bill authorizes the President to communicate to another Government any plan, specification, design, prototype or information pertaining to a defence article.

It provides that contracts for the transfer of war material must contain a clause binding the recipient Government not to transfer the title or position of the material without the President's consent.

The contracts must fully protect the patent rights of all U.S. citizens concerned.

The bill includes the authority to repair and outfit British warships in American shipyards. This is contained in the third paragraph, as explained by authoritative sources.

Power Not Desired

President Roosevelt told his press conference he did not desire the power provided in the bill, but "somebody obviously must have it."

He said that if the policy of the United States was to assist the Democracies to survive, methods of speed must be provided which were strictly legal.

The President declined to guess the sums involved. He said the new legislation would not imply repealing the Johnson Act, banning credits to nations which had defaulted on their World War debt interest.

The introductory paragraph, "Notwithstanding the provisions of any other law.." was interpreted as a clause to prevent any friction with the Johnson and Neutrality Acts.

Mr. Roosevelt said a week's delay in Congressional action would mean delivery of essential war materials next July would be at least one week late.

He said he did not expect to ask Congress for actual appropriations until after Congress completed the action of discussing the provision for manufacture of foreign articles in Government-owned arsenals and shipyards.

For Friends and Ourselves

Senator Alben W. Barkley, Kentucky Democrat, introduced the bill in the Senate and Mr. John W. McCormack, Massachusetts Democrat, introduced the bill in the House.

"This means we shall be producing the same materials for our friends as for ourselves," Mr. McCormack said.

"It should eliminate double assembly lines in our factories and should help standardize our war materials among the Democracies.

"The power to manufacture under this provision does not carry with it the waiver of the eight-hour day or other labour legislation."

The Representative said the bill would enable the U.S. to purchase war materials in the American Republics and from Canada or other nations whose defenses were vital to the United States, if such materials were not available in the U.S.

The President told newsmen that, effective on February 1, export licences must be obtained before shipments could be made from the U.S. of copper, zinc, nickel, brass, bronze and potash.

The U.S. Office of Export Control would decide on issuance permits as it already was doing with various other strategic materials, Mr. Roosevelt said.

Japanese Aggression Strongly Condemned by Cordell Hull

Mr. Cordell Hull, Secretary of State, did much to secure the eventual passage of the Lease-and-Loan Bill through Congress Wednesday when he appeared before the House Foreign Affairs Committee and delivered the most severe indictment of aggressor nations he has yet made anywhere.

Much of his attack was directed against Japan; he put the actions of that nation into the perspective from which both the Administration and State Department view those actions.

In cold tones of disapproval report Reuter, Mr. Hull described the large-scale invasion of China in 1937 by a million men and the occupation of the coast and interior provinces.

"It has been clear throughout that Japan has been motivated from the start by broad ambitious plans for establishing herself in a dominant position in the entire western Pacific.

"It should be manifest to every person that such a program for subjugation and ruthless exploitation by one country of nearly half the world's population is a matter of immense significance and importance, and the concern of every other nation wherever located."

Living Age—Free Europe

G.O.P. Split on Willkie Support Believed Likely to Speed "Lease and Loan Bill" Through Legislation

While domestic reaction on the Roosevelt "Lease and Loan" Bill was sharp and divergent, the G.O.P. split following the statement of Mr. Wendell E. Willkie, defeated Republican Presidential candidate that he approved with modifications the proposed legislation for aid to all the Democracies, was expected to speed the law.

Mr. Willkie made his stand clear on January 12 when announcing his decision to fly to Britain to personally observe the war situation.

The Republican candidate told the *United Press* extraordinary powers must be granted President Roosevelt "under such dire circumstances," but urged Congress to limit the President's enlarged prerogatives to some fixed period of time.

Mr. Willkie said he had received the permission of Mr. Cordell Hull. Secretary of State, to make the trip to England.

He said he wanted "to talk to everybody who will see me there."

Mr. Willkie directly refuted the speech Saturday of Mr. Alfred M. Landon, defeated Republican Presidential nominee in 1936, who said a British defeat of Germany was not absolutely necessary for the future security of the United States.

"It makes a vital difference to the United States which side prevails in the present conflict," he said.

"I refute the statement that our national security is not involved in any British defeat."

The House of Representatives on Jan. 13 upheld the Administration's decision to place the Bill with the Foreign Affairs rather than Military Affairs Committee.

Meanwhile, Congressional opponents of the bill selected Senator Burton K. Wheeler, Montana Democrat, as co-leader of a bi-partisan strategy group.

The Republican member of this group will be either Senator Robert A. Taft of Ohio or Senator Arthur Vandenburg of Michigan.

To Limit F.D.R. Powers

The first objective of the group will be an effort drastically to limit the powers granted to the President, it was understood.

Meanwhile Mr. Kenneth Simpson, Republican, introduced in the House a bill revising the original act, limiting President Roosevelt's authority to two years and restricting loans to members of the British Commonwealth and Ireland.

Mr. Simpson said he had conferred with Mr. Wendell L. Willkie, defeated Republican nominee for President, before its introduction, but declined to elaborate on the statement.

Seek Other Nations

A bill offered as an amendment provided that other nations to be included in the provisions would have to be named by concurrent resolution of Congress.

Mr. Simpson, a New Yorker, said extension of all aid to China on the same scale as to Britain was "an open invitation to war with Japan tantamount to a declaration of war."

"I think that Congress should carefully and separately debate such a proposal which can be considered distinct from the proposal to give all aid to Britain," he declared.

Mr. Simpson said he was willing to give serious consideration to the argument that the defense of China was essential to U.S. defense, but said the American people "are not yet convinced with the same intensity that aid to China is as essential as aid to Britain for our own security."

He said the case was similar for Greece, the French de Gaullists and other belligerents.

Not Opposed

Before Mr. Simpson offered his bill, Mr. Sam Rayburn, Democratic Representative of Texas, at a press conference, indicated the Administration would not oppose efforts to limit Presidential powers to the current emergency.

Hearings on the bill were expected to begin immediately before the House Foreign Affairs Committee, which has invited Mr. Cordell Hull, Secretary of State; Mr. Henry Morgenthau, Secretary of the Treasury; Colonel Henry Stimson, Secretary of War, and Colonel Frank Knox, Secretary of the Navy, to testify.

The Senate Foreign Relations Committee begins consideration of the bill tomorrow.

Mr. Melvin J. Maas, Minnesota Republican and chairman of the House Naval Affairs Committee, suggested the possibility of creating a dictator for aircraft production similar to Lord Beaverbrook, Britain's Minister for Air Production.

"I have surveyed the aircraft industry and found, above all, the complaint that great confusion exists because of the number of governmental agencies handling aircraft procurement."

Senator Wheeler, as chairman of the Interstate Commerce Committee of the Senate, recently wrote to Mr. Will Hays, the motion picture industry's self-censorship czar, charging that the industry was propagandizing war with the encouragement of the Roosevelt Administration, it was revealed.

Isolationists Prepare

Republican isolationists were preparing to fight a bitter if losing battle against the "Aid To Britain" Bill. Reuter reported on January 12.

The Republicans admit that great authority should be invested in the President to secure quick decisions, and to give the decisions speedy effect, but they claim that President Roosevelt is extravagant and impulsive, and fear that the bill might become an instrument in the world ideological warfare between the democracies and the dictatorships.

"Congress should consider the enormous surrender of its responsibility," declared ex-President Hoover, commenting on the bill, adding, "as far as I know, no such surrender has been made by the British Parliament."

Mr. Thomas E. Dewey, recent candidate for Republican nomination to the Presidency has stated that the bill is an attempt to abolish free government in the United States.

On the other hand, Senator Byrne, Administration leader, expressed confidence that the bill would be passed without any damaging amendment. "The bill is not a blank cheque," the Senator stated, "Congress would have to provide the finance, thus controlling the number of planes and amount of other material sent to Britain."

Security Demanded

In contrast to this statement, the prediction that the "Aid To Britain" bill would be amended before its final passage through the Legislature, to require all foreign borrowers of American war equipment to give the "best security" within their power, was made by Senator George, Chairman of the Senate Foreign Relations Committee.

The Senator stated that the bill was not specific on security, and said that he believed the President would approve an amendment requiring "reasonable security that would not interfere with the main objective of the bill, namely, to provide aid as quickly as possible."

"The security need not necessarily be money," the Senator stated, "Britain has vast interests in tin, rubber and other stocks of raw materials that are acceptable here."

At Hyde Park, New York, where the President spent last week-end, his aide-de-camp described him as confident that Congress would grant him the unprecedented powers proposed in the bill.

"Good Time Was Had By All"

Happy party at Nanking, after Wang Ching-wei, head of the Nanking puppet government, had signed away most of China's birthright to Japan. In the front row are (Left to right) Wang Ching-wei, Chu Min-yi (Wang's brother-in-law, recently appointed Nanking Ambassador to Japan), and Gen. Abe, Japanese military officer who signed the Nanking treaty. All of the others shown in the picture are Japanese army officers or Japanese soldiers who guarded the premises while the ceremony of signing the treaty was held. The picture was taken by the Japanese Press Union service.

Capture of Klisura Paves Way for Greek Advance on Bomb Battered Valona as British Besiege Tobruk

War worn Greeks drove even wearier Italians out of Klisura last week after six weeks of bitter fighting for one of the most important outposts of strategic Valona's defense system. The town was put to the torch before the Italians finally were routed on January 10 and the Greeks were able to salvage but little booty as compared with Heavensent supplies they picked up from the road in the wake of the first Italian flight through Albania. But it was an important gain: possession of Valona would extend Greek communications dangerously, but it would also give the British Fleet an Adriatic base from which Rome's elusive navy could be expected to be run down at will.

It was a bad week for the Italians. Three days after the British had taken Libya (Bardia) the advance had swept around and about Tobruk and by January 8, the Italian fort was isolated. British mechanized troops is had shot out far ahead of the infantry, fanned across the desert and cut the road to Derna and Benghazi, next two ports of call for the British en route to Tripoli, presumably the goal of General Sir Archibald Wavell's campaign

In Albania and northern Africa the collapse of Italian morale was reflected most at the top and there was evidence of dissidence among High Command as General Ubaldo Soddu followed the example of General Berganzoli, the man who quit his troops when prisoners told him a tall tale of British strength advancing on Bardia and did not wait to confirm the story. Soddu, second Commander of Italian Forces in Albania to have thrown in the towel since the campaign opened, resigned his position on January 13 and was replaced by General Ugo Cavallero. Cavallero, who was appointed Chief of the Italian General Staff of December 6, went to his new post with the reputation of being an exponent of **Blitzkrieg** methods. January 14, the day after he had taken over, Italian troops were seen by a **United Press** correspondent tobogganing on the seat of their pants down the frozen sides of gaunt ice-coated ravines guarding Tepelini. It was no **Blitzkrieg**. They were coming to join the Greeks.

In Rome, according to a **United Press** message, strip-tease dancers also quit because of the cold. They complainede of unheated dance rooms in which they were asked to perform. The girls walked out.

Prisoners, Supplies Taken

While British forces continued to fling a steel cordon around beleagured Tobruk and British artillery began to batter its twin rings of fortifications, British headquarters, roughly, counted noses. In the capture of Bardia by Australian troops under the command of Major-General "Iven-the-Terrible" Giffard MacKay, more than 30,000 Italians were liquidated by death, wounding or capture. The British advance from the beginning of the campaign had made good 230 miles; over 80,000 Italians had been killed, wounded or taken prisoner. British headquarters at Cairo estimated 41 medium and 162 light tanks had been captured, with 590 guns of various calabres still good for 3,000,000 rounds. The British also took 600 heavy machine guns, 700 light machine guns (11,000,000 rounds) and an assorted collection of small arms and side arms. British headquarters estimated these losses as a "serious" blow to the Italians. Of 1700 lorries captured, British found many unservicable.

Last week's aerial struggle between Britain and Germany was marked by a variety new efforts by both Nazi and British airmen. Germans plastered cities in group flights and in individual flights with a new type explosive incendiary, specially designed to penetrate roofs. London survived three mass raids, staged on alternate days in the week, but the Nazi plan of destruction was halted in the second raid when the British Home Guard was converted into a fire watch service. From the outset the guards acted efficiently. Nazi firebugs also swarmed over Plymouth, among the first of Britain's towns to meet the **Blitzkreig** last September. In one section of the city men women and children turnedel out to smother the beacons dropped by the first wave of bombers to guide demolition bombers in the second wave. That part of the city escaped. Unwarned, another section of the port was put to waste.

R. A. F. Replied

The R.A.F. tried out its increasing strength and waved over the Channel "invasion ports" in a series of raids which lasted over four days and drove numbers began to tell.

the Nazis back 50 miles from the coast. The destruction was terrific, and significant although reported by none of the news agencies was the fact that the German long-range Berthas which bothered Dover for over two months finally were silent. The R.A.F. drove deeper than the coast. From Naples to Norway, day after day and night after night they battered enemy positions. Success was theirs in the air as superior equipment and greater

While Britain turned frankly to the United States for assistance, she was not neglectful of her own possibilities and on January 7, Prime Minister Winston Churchiel, impressed by Newspaper Baron Beaverbrook's efforts in the Minister of Aircraft Production, had him coopted for four committees designed to speed up the national war effort. Beaverbrook, onetime disciple of isolationism (in 1930 isolationism was "Glorious" to the **Daily Express**) was asked to serve under Sir Andrew Duncan on a new Import Control Committee; under, shades of 1930, Earnest Bevis, Briton's labor shief on the War Production Committee; and under Arthur Greenwood, also ex-laborite Minister without Portfolio, on the Post-War Construction Committee.

On Sunday last, 2,500 delegates claiming to represent a million and a half members, stamped their feet and roared disapproval at the British Governments War policy....while the R.A.F. smoked out the first Nazi air base to be established in the Mediterranean. The R.A.F. found it finally on Sicily (Italian) on January 13 after the British Navy had been engaged following the sinking of an Italian warship in a running battle. The British fleet suffered damage to a cruiser and an aircraft carrier in the engagement over the week-end, and was well avenged when the R.A.F. found the base and destroyed half a dozen German dive bombers.

War Theater In Balkans And Near East

Newsweek Map.

Nanking Police Chief Washes Hands of "76 Jessfield" Road: Chen Makes New Vow: Gamblers Just Carry on

Mr. Li Shih-chun (Li Ssu-chu'en), Vice-Minister of the Nanking police bureau, last week washed his hands of the unlovely thing he fathered at 76 Jessfield Road, headquarters of Nanking's "Gestapo," and hide-out for the foulest collection of desperadoes and cut-throats ever assembled in China outside of Ward Road Jail. The ceremony was a dry-wash.

Referring to a charge made in *The Review* on November 16, that he was director of "No. 76," and that as a reward for his Fifth Column work before the fall of Hankow he was placed by the Japanese army in charge of the Shanghai badlands and vice-dens located on Extra-Settlement Roads, Mr. Li's Shanghai Office of the Nanking Police Bureau, wrote as follows:

"With reference to an Article entitled 'Council Appeases Both Japanese and Puppet Gangsters' in your issue of November 16, 1940, we beg to inform you that the parts dealing with our office and Mr. Li are entirely groundless.

"Mr. Li was educated in Soviet Russia and on his return to China immediately joined the Revolution, then being attached to Central Party Headquarters.

"At the outbreak of the Sino-Japanese war, Mr. Li withdrew with the retreating Chinese army westwards. Having witnessed the Communistic domination of the Chungking Government, and the suffering of the people from the calamities of war, Mr. Li decided to return to Shanghai and assist President Wang's peace movement.

"Mr. Li's record, therefore, is known to one and all, and all that you have reported regarding Mr. Li's activities since the local hostilities began is completely erroneous—or it may be that you were referring to some other Mr. Li.

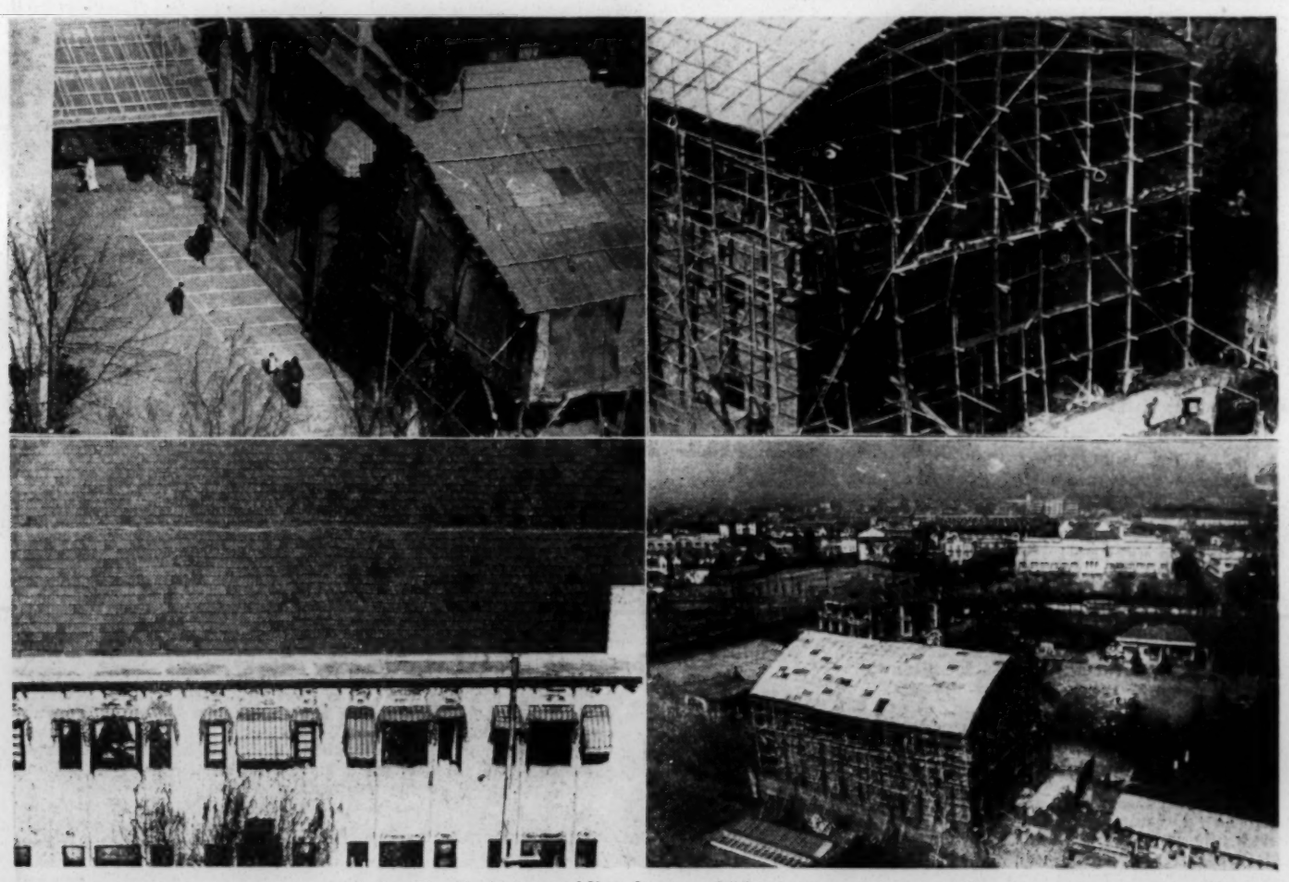
"Furthermore the amusement casinos in the western district of Shanghai have nothing to do with us. Anyone with the slightest common sense should realize that the Chungking papers in Shanghai in order to discredit the peace movement have time and again resorted to malicious propaganda designed to mislead public opinion.

"It appears, therefore, that you have been imposed upon by others, and we beg the courtesy of this correction being given prominence in order to help the public know what really is going on.—Shanghai Office of the Police Bureau."

This effusion would have been regarded as a hoax were it not for the official chop of the Shanghai Office of the Nanking police bureau on it.

The Review in its article on November 16 did not refer to any Li other than Mr. Li Shih-chun, Vice-Minister of the Nanking police bureau. Mr. Li's record is well known to The Review as are the activities of 76

Chen Says "No!"—Li Says "No!"—Gamblers Expand



Above are some views of the Six Nations gambling house which at present is expanding to meet new competition and cater for an extended patronage. This vice den operates off Avenue Haig in territory claimed by Mayor Chen Kung-po to be under his control, and is "protected" by the Nanking "Political Police," the headquarters of which is at 76 Jessfield Road. In a letter published in this issue of The Review, Li Chih-shun, Vice-Minister of the Nanking Police Bureau, denied that he is associated with the gambling racket in the extra-Settlement Roads area. The letter was addressed from "No. 76," headquarters of the "Political Police" which Li organized. The picture at top left shows the entrance to the Six Nations Club; of interest to note is the presence of infants brought along by parents. The photo directly below shows the windows behind which many of Shanghai's recent tragedies have been enacted. Top right is a view of the extension now being put up by the Six Nations Club to make it the largest and most luxurious in the Far East. The distant view at lower right gives some idea of the investment involved in this new construction in East Asia. Some idea of the vast profits of this resort is provided by the fact that its daily expenses are said to be in excess of $70,000.

Jessfield Road, where is situated the Shanghai Office of the Nanking Police Bureau.

"No. 76" was at the time the article appeared, and still is, headquarters of the Nanking Political Police which Li organized under the leadership of Mr. Chou Fu hai, Nanking Minister of Finance and Governor of the Central Reserve Bank.

The place is the center not only of local political gangsterdom, but is known to harbor murderers, thieves, thugs, hold-up men and all other manner of fugitives from the Settlement and Concession police.

"No. 76" also has held kidnapped Chinese awaiting ransom and other Chinese who disappeared through its gates to be heard of no more.

This place, from the activities of which Mr. Li disassociated himself in a letter actually addressed from it, is regarded by the law enforcement authorities as the hub of Shanghai's underworld.

The Nanking Political Police are now under the direction of Ma Hsiao-tien, but that does not whitewash Li Shih-chun, who still remains at the head of the entire Nanking police organization.

Is Chen the Scapegoat?

Mr. Li's protest, however, does reopen the question as to what route Shanghai's vice-money finds its way to the coffers of Wang Ching-wei's administration, and in view of Chen Kung-po's repeated promises that he was going to clean up the areas under his control, just why he has been unable to go about it.

It is known that Wang's chief source of revenue comes from Shanghai's gaming tables; that Chou Fu-hai has his eye on funds needed for the Central Reserve Bank and in addition has a suspicion that Chen Kung-po beat him to one of the choicest plums in the puppet show; that every official in the Nanking regime has a vital interest in the local vice racket, even down to T'ang Leang-li, whose *status* of Ambassador "still without" requires financing.

These known facts would appear to indicate that Chen Kung-po, whatever his intentions, is being made the scapegoat on one hand and the victim of an attempt to discredit him on the other. Certainly it has become obvious that Chen has not the slightest hope of putting into effect his promises to clamp down on the badlands; rather than decreasing, gambling enterprises in the western area have expanded, as demonstrated by the opening on Boxing Day of the Union Club, at the corner of Yu Yuen and Tifeng Roads, and the extension now being added to make the Six Nations Club on Avenue Haig the largest gambling joint in the Far East.

The present setup in the puppet administration and its connection with the vicious conditions reigning in the western district of Shanghai has developed along well defined lines since the article about which Li complained appeared in *The Review*. At the time of the late Fu Siao-en's murder at dawn on October 11, Wang Ching-wei found he was left with only two men whose reputations did not entirely stink in the nostrils of all Chinese. They were Chen Kung-po and Chou Fu-hai. Chou was actually dispatched by Wang to Shanghai to sound out foreign and Chinese reaction to the possibility of his appointment to a post he had long coveted, but the result was so unfavorable that the post went to Chen Kung-po. One of the reasons why Chou was cold-shouldered in Shanghai was that he was among the entourage which bolted Chungking with Wang.

Three Trio of Nanking

Chou returned to Nanking to rub his shins and develop, with Li Shih-chun, the Shanghai dope and gambling industry, and tighten up the organization of the Nanking Political Police in cooperation with the Japanese Special Service Section, under whose direct control the vice racket previously had been placed. It was soon after this that "No 76" began to engage in political terrorism in Shanghai on an unprecedented scale. The terroristic campaign was believed to have been partially directed by Ting Mo-tsun, Nanking Minister of Social Welfare, and, with Li, feared throughout all occupied China. Chou was finally rewarded by Wang with the doubtful prize of the Governorship of the Central Reserve Bank, which institution could only be regarded as a new levy on funds squeezed out of the badlands.

On his appointment as Mayor of Shanghai, one of Chen Kung-po's first acts was to make a solemn declaration that he intended clean up the areas under his control. He made this promise when he was sworn in, repeated it two weeks later at a press conference, reiterated it in his New Year message and affirmed it in an interview last week with the *Tariku Shimpo*, local Japanese newspaper. This week Chen was just as much in the hands of the Japanese, or the Chou-Li-Ting trio at "No. 76" as was his late predecessor, and even his efforts at a settlement of the Extra-Roads Joint Policing question with the Shanghai Municipal Council apparently had been Sabotaged.

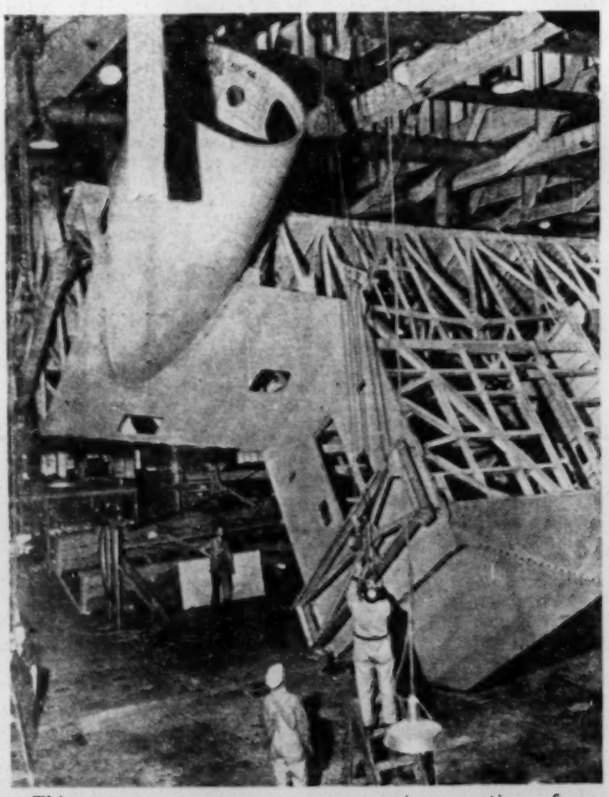
Fortunate Coincidence?

Prospects of a settlement of this question were alleged by Chen to be promising at the turn of the year, and holding a confession from one of the terrorists who bombed the *Shun Pao* on January 6 (*Review*, January 11, 1941) that he was acting under instructions of the City Government's "Special Service Section," Settlement police were particularly hopeful of finally closing down the pestilence in Jessfield Road. (Whether Chen Kung-po was as deep in the activities of "No. 76" as this confession would indicate has never been made clear; since he is taking the rap for it anyhow, it may be assumed that he will not go unrewarded).

With this weapon in their possession as documentary evidence of the political terrorism directed from "No. 76" therefore, it was believed last week that the Settlement Police were more than suspicious of the circumstances surrounding the shooting of a Japanese sanatorium worker in Nanking Road on last Saturday. The murdered man, Iwao Nishi, aged 34, had no connections with the Japanese army, no political affiliations in Shanghai, and was generally tolerated by the Chinese with whom he came into contact in his work at Wusih. Whatever the motive behind his murder, however, it had the effect of completely neutralizing the diplomatic advantage secured by the S.M.P. through the confession of the *Shun Pao* terrorist. Local Japanese newspapers the following morning carried the usual bitter condemnation of the Settlement police; visits were exchanged between the Settlement and Council authorities.

In the meanwhile, gamblers in the western district just carried on as usual. Whatever the protests of Messrs Li and Chen to the contrary, they carried on by kind permission of "No. 76," with which civic sore Chen and Li still are clearly connected, and the continued presence of which institution makes fools, liars or scoundrels of both of them.

Clippers In The Making



This seemingly shapeless assembly is a section of one of the new super-clippers, now under construction for service of Pan-American airways on the Pacific and Atlantic. The planes are being built in the Boeing factory at Seattle. The planes will have a gross weight of 84,000 pounds. They are equipped with four 1600-hp Wright motors and have tank capacity for 5,400 gallons of gasoline. The planes will be used on the Hongkong-Frisco and Frisco-Australia routes.

Wartime Chungking Takes Time Out to Greet "Victory Year" with Feasting and Carnival

Drums, gongs, cymbals and firecrackers shattered the night as 500,000 people in Chungking participated in a colorful welcome to the New Year 1941, dedicated by the Chinese Government as the Victory Year. Marking the fifth calendar year of the war of resistance, the year 1941 brought Chinese in Chungking and elsewhere even more confidence.

New Year celebrations this year differed little from those in the last few years of the war, but they symbolized a more cheerful and spontaneous spirit of the people. The year 1940 had been one of trial and ordeal, especially for those in Chungking who had withstood numerous bombings gallantly, undaunted. Today a new Chungking is rapidly being built, and its people look forward to a new year of more achievements and accomplishments.

While many government organizations and public bodies were busy with their special programs, Chungking at large celebrated the New Year with the traditional Chinese dragon dances, native Szechuan lily drum-songs and masquerades. From the first glimpse of dawn until late in the evening, Chungking's main streets were packed by crowds in holiday attire. Blessed by warm sunshine, not usually found in the winter months of misty Chungking, the occasion was observed with high spirits and renewed optimism.

Special Service

The ceremonies were officially started by the National Government at 7:30 a.m. when all high officials attended a special memorial service in honor of Dr. Sun Yat-sen. Government leaders bowed three times towards the Mausoleum in Nanking and wreaths were laid by the Generalissimo. Following this, officials attended a meeting welcoming the New Year and were addressed by President Lin Sen.

In his capacity as the President of the Chinese boy scouts, Generalissimo Chiang Kai-shek reviewed thousands of scouts and guides in Chungking. Dressed in his full General's uniform, he chatted with the youngsters and inquired about the welfare of the wounded soldiers and the families of recruits who also had gathered to salute the nation's leader. In his short but forceful address to the scouts, the Generalissimo exhorted every youth to shoulder the responsibility of carrying out the true principles of the **San Min Chu I** in the struggle for independence. General Chiang was accompanied by General Ho Ying-chin, Tai Chi-tao, Vice-Presidents of the Chinese scouts, Dr. H. H. Kung, Dr. Sun Fo, General Chang Chi-chung, General Liu Chih and Mayor K. C. Wu.

In the city, the atmosphere was less formal. A parade held by scouts and athletes for the promotion of physical education was participated in by 150 athletic teams and was led by tanks, motorized units, cavalry, chemical warfare, bayonet and grenade units. Local entertainment houses were packed to capacity, while cinemas announced long lists of forthcoming pictures besides showing the hits of the day.

New Year Greeting

Newspapers put out supplementary editions with special articles by various government leaders, while people bought national thrift-savings certificates as the most practical wartime gift to their friends. Hundreds of couples were either engaged or married that day, and merry feasts occupied so much of the restaurants' floor space that it is feared, many other people had to go hungry. Wounded soldiers and recruits' families were cheered by gifts, while front-line fighters received letters of greetings and encouragement from their compatriots in the rear. The doors of many houses replaced their traditional "good-wish" scrolls with those welcoming "final victory." New Year toasts and greetings of many also changed from the traditional **kung-hsi-fa-tsai** ("wishing you good fortune") to "welcoming the year of triumph" and "a speedy return to Nanking"!

The famous Chinese dragon and lion dances featured the afternoon's program. The dancers, in picturesquely designed costumes of colored silk, cloth or paper, were selected men from every part of the Chungking community. They symbolized an awakened China. Even the colorful lily drum-songs carried a wartime air as their verses were mostly rewritten to arouse the people in fighting for independence.

As the sun gradually set over the mountain city, Chungking was ready for a gala evening marked by a long lantern parade. The dragons and lions of the afternoon were illuminated with candles, and Masquerades were staged with China's No. 1 traitor Wang Ching-wei as the object of ridicule and scorn. Led by drums and cymbals, the parade turned into a frolic for everyone as young and old joined the procession circling through the city.

The New Year was welcomed among high government circles by a party on the Eve by Dr. H. H. Kung, who played host to 300 prominent guests in Chungking. After a buffet supper, the host made a brief speech, extending greetings to the members of the diplomatic corps, foreign residents and high government officials.

Dr. K. C. Wu, Mayor of Chungking, in his New Year radio message to the United States on New Year's morning was full of pride of the excellent morale of the local population, for whom he pleaded greater assistance for the suppression of aggression. He said, in part: "In the name of Chungking I greet you—Chungking, the wartime capital of China, and Chungking, the city the total destruction of which the Japanese proclaimed in the summer of 1940 but which still stands proud today on the very threshold of the New Year of 1941." Prior to the mayor's broadcast, Dr. Wang Chung-hui, Minister of Foreign Affairs, spoke to America on the air. "May 1941 open a new chapter in the history of mankind, and may every day of the new year bring the world closer to the realization of universal peace and happiness....We welcome 1941 with cheer and hope: cheer, because we have withstood and survived the onslaught hurled at us by one of the world's most powerful war-machines; hope, because we look forward to the future with confidence, knowing that our cause is inherently right and just, and that in the end it will prevail....," he declared.

The next morning, the China Philharmonic Orchestra gave a successful New Year grand concert, attended by a big audience including Dr. Sun Fo, president of the Legislative Yuan, and H.E. A.S. Paniushkin, Russian Ambassador to China. In the afternoon, 400 members of the Chinese, foreign and diplomatic communities turned out for the reception given by Dr. Wang Shih-chieh, Minister of Publicity, and Dr. Hollington K. Tong and Mr. Pan Kung-chan, Vice-Ministers of Publicity.

Meanwhile, dispatches received in Chungking from all parts of the country indicated that the arrival of 1941 was enthusiastically celebrated throughout China, the dominating theme being one of optimism and confidence.

Fitch Fells of China's Progress

Fresh from the front lines of Free China, Mr. George Fitch, veteran Y.M.C.A. worker, told the Shanghai branch of the Rotary Club last week that he had seen "amazing progress" in the interior, outdone in magnitude only by the spirit of the people that made it possible.

Rotarians packed the dining room of the Metropole Hotel to hear their former President describe his adventures, which lead him to doubt whether "any other country in the world could have made a better showing than China" in the present conflict.

In thanking Mr. Fitch after the talk, Mr. George McCarthy declared that first hand information of this sort from Free China was indispensable for people living in Shanghai. "Speaking for myself," stated Mr. McCarthy, "I can say that it filled me with renewed hope, and made me believe that if any new kind of an Axis is formed, China will have no mean part in that Axis."

Lesson in Hustling

Mr. Fitch illustrated the progress he had seen by describing his two visits to Kunming, reports the **China Press**. The first was made about three years ago. At that time Kunming was a sleepy town, with one cotton mill and one factory. A year later he returned to the city and found it a boom town with no less than 36 major industries humming and more being built.

The same progress is being witnessed in other towns throughout the length and breadth of Free China, he continued. Laying particular stress on the development of the railway system between key spots, Mr. Fitch revealed that one railway of 137 miles had been built in 60 days. "And they say you can't hustle the East!" Mr. Fitch exclaimed. "After what I saw in the interior I think the Chinese could show us a thing or two in hustling."

After the speech Mr. Fitch, who is leaving shortly for Hongkong, told **The China Press** he thought China's greatest need lay in transport vehicles, gasoline, fighterplanes and bombers. Lack of transportation facilities forms the principal reason for high food prices, he revealed, adding that China does not have nearly enough planes.

Describes Adventures

Mr. Fitch added, however, that he had seen instances where three Chinese pursuit planes had attacked a squadron of Japanese bombers. "Chinese pilots are not a bit worse than than Japanese," he stated. "In fact, foreign observers are inclined to give the Chinese the edge."

In his booming voice, Mr. Fitch told Rotarians he would not exchange the past three years of his life, which he spent in "thrilling" travel, for any others. During that time, he said, he visited every province of China, as well as Kokonor, Indo-China, Siam, Malaya, the Dutch East Indies, the Philippines, and the United States.

America, he said, had changed greatly since his last visit. From a country in which 80 per cent of the population carried isolationist sympathies, it had been transformed into a land four-square behind the Administration in its policy of helping the Democracies. Public opinion is even ahead of the Administration in that respect, he declared.

Mr. Fitch described how time and again he ducked out of cars into rice fields when Japanese bombs dropped all around, how he hid by day and traveled by night over the route from Hongkong to the interior, how once the plane he was in was pursued by Japanese warplanes and hid for two and a quarter hours in a huge canyon while its gas-supply almost gave out.

Major Powers Gradually Being Drawn Into Struggle Between Thailand and French Indo-China

Reactions from the major powers in the background began to appear this week as a result of the more serious dimensions of the Indo-China-Thailand war of retaliation; Thai forces claimed a 50 kilometer advance into French Cambodia territory, threats came from both sides to retaliate by bombing the respective capitals, and skirmishes, bombings, casualties, accusations, and denials increased along the extent of the military and political border.

Probable United States concern in the matter was sensed in the report of a lengthy Washington talk between Secretary of State Cordell Hull and Thai Minister Phya Abnidal Raiahaitri, according to Domei last Monday. Japan on Tuesday officially denied earlier reports that any of her aviators were flying for Thailand. The denial was made through Mr. Koh Ishii, spokesman for the Japanese Information Board. A cable from London to the Chinese Central News was reported by Reuter Monday as establishing the British attitude on the matter to be one of desired friendly relations with Thailand, concern over the deterioration in relations between Britain and Indo-China, and hopes for an early settlement.

Other official reaction to the increasing seriousness included a Vichy denial through Transocean Tuesday that the French had initiative orders to bomb Bangkok, as had been reported, or that Tokyo was high-pressuring the colony into exorbitant concessions. On January 9, however, a Hanoi statement by United Press interpreted the expected arrival of several small Japanese war vessels via the Red River to be a move intended to back up Japan's hand in negotiations between French and Japanese officials in Tokyo. At the same time, the French were refusing to allow the Japanese to ship a trainload of tanks and artillery from Haiphong through Hanoi. Informed sources quoted by the United Press dispatch said the arms were believed to be connected with Japanese designs on Indo-China.

Similar interpretations were expressed in Chungking last Monday. Reuter quoted the *Ta Kung* "Pao" as observing "growing friction between the Japanese and Indo-China authorities as a result of Japanese aid to Thailand." The article concerned the fact that Indo-China authorities have suspended the right granted to the Japanese for the use of Laokay airfield in the northern section.

United States concern, believed possible because of Secretary Hull's conference, was strictly veiled by the refusal of both officials to divulge the contents of the discussion, other than to state that it was merely for the purpose of exchanging information as to the present developments. It shows a definite increase, however, according to the Domei report, "of the anxiety of the United States over the situation."

Regarding the United Press report January 11 that an unidentified Frenchman had found the body of a Japanese aviator in the wrechage of a "Thai plane which proved to be of Japanese make," Japan's denial through Mr. Koh Ishii stated that "Not a single Japanese aviator had volunteered for the Thai air force," and that Japan has not been selling Thailand "any large amount of war materials, after supplying the Thai navy with a number of torpedoboats and other small craft several years ago."

Japan's Balance

Meanwhile Japan seemed to be balancing her economic and diplomatic scales in favor of monopoly of Indo-China resources and closer understanding with Thailand. Domei information on the Tokyo conversations between Japan and the Indo-China financial delegation continued to report the meetings as "resulting in considerable progress." The French mission, experiencing its sixth meeting at the residence of the Vice-Minister of Foreign Affairs in Tokyo in as many weeks, has had its time extended for at least another month. Similar negotiations regarding Batavia trade in the Netherlands Indies are said to be pushed forward by Mr. Kenkichi Yoshida, new chief Japanese delegate.

Understandings with Thailand, resulting from the mutual pacts announced last month, are being evidenced in such developments as the exchange of government apprentices for engineering processes, as reported by Domei January 10. Thailand officers arrived in Japan to study manufacturing methods, and the Japanese government prepared to bid for the construction of a projected hydro electric plant on the upper reaches of the Mekong River. The plant was originally the object of a five-cornered contest between Germany, England, Italy, America, and Japan for bids. All but America and Japan have been eliminted by the European war, and a "spirited business duel" is expected by both nations, according to the Domei statement.

The rising temperature gauge of international impetus in the background was the actual though miniature war begun in earnest last week and continuing anabated this week. After the first casualty lists were issued January 8, by Thailand, in which six Thai soldiers were reported killed, a determined drive on Indo-China the next day caused French authorities to declare martial law in 24 of the border provinces and make ready for defence. Bombings and artillery fire increased on both sides, with the Thai air force reporting the "complete route" of the French from Poipet in Cambodia towards Sisophon for about 30 kilometres. The Thai advance continued through the week, threats were made by both sides to bomb the opposing capitals, evacuations were begun, and official radio stations dickered back and forth for possible cessations.

Following is a summary of reports on the fighting:

January 9.—Martial law was proclaimed in the border areas of both sides. Thai aircraft bombed Sisophon, killing two Indo-Chinese and wounding 11, according to a Reuter report. Thai troops made numerous surprise attacks and raids on the Cambodian territory. Transocean reported ninety Thai planes to have carried out a bombing excursion over French bases.

January 10.—Results of the bombing raid by ninety Thai airplanes were stated by Domei to include demolishion of Sisophon with incendiary bombs, and destruction of numerous petroleum tanks at Stangtrang. Blackouts were resorted to in all border cities. French retaliatory bombings increased.

January 11.—Reports circulated that the French air force had bombed Bangkok, but it was later denied. French sourced admitted through Domei and United Press agencies that Thai troops had advanced along the Sipon highway after capturing Poipet. A French counter-offensive resulted in the recapture of advance posts defending Samrong in northern Cambodia and in the Phailin district, south of Poipet. French aircraft bombed objectives between Poipet and Bangkok. Two Thai planes were shot down.

January 12.—Appeal was made by the Bangkok radio station to the French, saying "If you cease firing, we will," according to United Press. The radio address asked for a delegation to discuss the dispute or the "fighting will continue until we are successful." Thai land forces continued to advance. Domei claimed Great Britain was pushing Thailand's action against Indo-China.

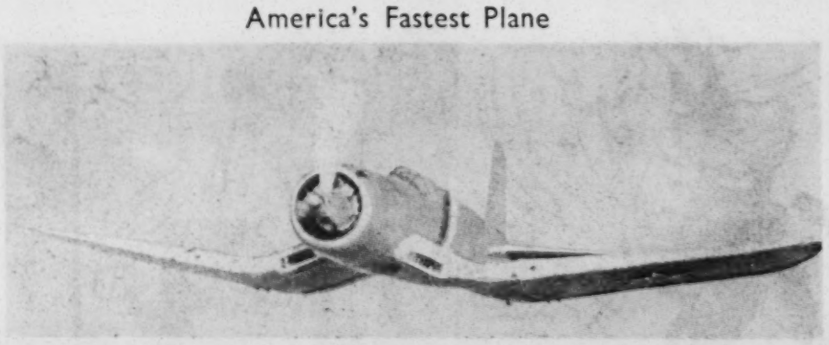
January 13.—Further gains were reported by Thailand, in Cambodia, according to United Press. The French were reported retreating in disorder. Radio bickering continued. The advance was established as 35 miles. Both capitals were threatened with bombings, and were asked to prepare.

Gas Surcharge Increased To 250 Per Cent

The existing surcharge of 158 per cent on gas tariff will be increased to 250 per cent for all accounts ending on and after February 15, 1941 for a period of three months, the Shanghai Municipal Council announced on Wednesday.

In approving the application submitted by the Shanghai Gas Company, the S.M.C. ruled that this surcharge increase should be only temporary, it was stated.

America's Fastest Plane



The new Vought-Sikorsky fighter, shown in the above picture, reproduced from Time, is said to be the most-birdlike and fastest plane ever built in the United States. It has a Pratt and Whitney Double Wasp engine, most powerful ever installed in a plane of this type. The plane carries a light cannon, with the pilot located well back over the wings. The plane was built by United Aircraft for the U. S. Navy.

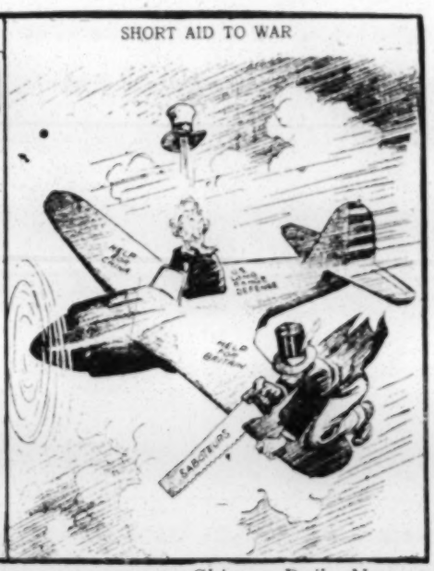
N. Y. World-Telegram.

S. F. Chronicle.

Chicago Daily News.

Chicago Daily News.

Chicago Daily News.



Chicago Daily News.

Jensen in Chicago Daily News.

Shoemaker in Chicago Daily News.

Manchester Daily Dispatch.

"He Took The Wrong Road"

Daily Mail, London.

"Orient Express"

British Noon Bulletin, Shanghai.

"Joe Is Not Enthusiastic"

London Sunday Graphic.

Stalin's New 1941 Model

New York Times.

"Treasure Island Pirates"

New York Times.

"Now, how do we stand when we get it? Do we share or do we fight?

Occupied China's Economy Being Wrecked by Japanese Development Companies' Self-Interest Sabotage Acts

BY JOHN AHLERS

The Japanese so-called "development" companies for occupied China in March next will hold their third shareholders' meetings. They, and many of their subsidiaries, as regards operation and profit earning finally fell into line with plans worked out three years ago. Their financing was carried out more smoothly than in previous years. They have to their credit certain new constructions and increases of production. The North China Development Company managed to discard the Manchurian Japanese interests' tutorship. Several Central China Development subsidiaries harvested large genuine profits.

Yet neither the North China nor the Central China Development Company occupy in the Japanese-controlled areas that central position which Tokyo schemed for them. Still less have they been able to contribute to any improvement to occupied China's general economic condition. They have not embarked on true development work on any appreciable scale. What new construction and production increase have been achieved under their sway, has been effected in the interest of Japan and her military exclusively. After almost two-and-a-half years of activity, both companies' main function continues to be the holding of seized Chinese communications, heavy industries and other economic assets which they exploit as monopolists furthering Nipponese interests only, while neglecting Chinese interests and discriminating against all Westerners.

Under the management of North China Development's most important subsidiary, the North China Traffic Company, a new railway and a motor road last year were built east to west through Hopei Province from Tehchow, on the Tientsin-Pukow line, to Shihchiachuang, the Peiping-Hankow Railway's junction with the main Shansi railroad to Taiyuan. With Japanese-occupied Shansi today transacting no foreign trade worth speaking of, railway and road at the present time are void of that economic importance for Shansi which the Nipponese boast. These new communications may acquire that importance only after the Japanese will have been forced out of the Province, a condition *sine qua non* for a restoration of economic prosperity in Shansi. The real aim of this new communication line is stricter Japanese subjugation of Central Hopei and improvement of Japanese military supply conditions in Shansi.

Coal Mining "Success"

The second North China "development" success which the Japanese advertise is a sharp increase in shipments to Japan and her colonies of North China coal. Indeed, during the first 11 months of last year those shipments aggregated 4,275,000 tons against 2,570,000 tons in the previous year's corresponding period. These shipments satisfied more than half of the Island Empire's import demand for bituminous coal. But as an alleged "development" success, these figures require a few comments. Half the North China coal dispatched to Japan is Kaiping coal; more than half of all the coal mined in North China continues to be put out by the British Kailan and Mentoukou corporations. Only part of the increase in coal shipments to Japan is accounted for by non-British coal. Local deliveries in North China of such coal have been reduced in order to boost exports to Japan for which the higher qualities, such as Chunghsing coal, were reserved, while lower grades were left for North China consumption. What little genuine increase there was in the coal output of seized mines, finally, was due to the Development Company's compromise with private Japanese coal mining firms which virtually seized control of a number of important mines and improved on the Development Company's wasteful methods.

In other fields, the Development Companies achieved still less or nothing at all. Occupied China's iron ore shipments to Japan, during the periods under review, rose from 95,000 to 208,000 tons but remained insignificant as compared with Japan's huge requirements of such ore. Central China Development began exploiting only two new small iron ore deposits; the Company's Hwainan Collieries near Pengpu in a whole year produced less coal than the Kaiping mines yield every ten days. Nonferrous mining and prospecting all over North China yielded no results worth speaking of. No new construction was undertaken in the field of public utilities, except for the completion in Shanghai of a small Japanese gasworks which started to operate late last year. There were a few minor harbor improvements in spots where the Japanese Army or Navy required improved landing facilities. That is all.

More Independent Setup

The Development Companies' setup during the past year became more coherent, and more independent of outside circles than before. On top of the whole, the Asia Development Board now appears firmly established. The Board's first chief, Lt.-Gen. Yanagawa, in Prince Konoye's recent Government reshuffle was promoted a Tokyo Cabinet Minister. Under the Board are the Peiping and the Nanking so-called Liaison Offices, with an Army officer directing the former and a Navy officer the latter. These two officers, in turn, supervise the Development Companies which continue under the chairmanship of the two former bankers, O. Kaya in North China and K. Kodama in Central China. As regards its scope, financial means and holdings of Chinese property, North China Development continues to be five to six times more important than Central China Development. Until March last year, North China Development was not much more than a branch of the Kwantung Army's economic octopus. The South Manchuria Railway Company and its subsidiary, the Oriental Development Company, controlled and operated many of North China Development's most important branches. The replacement of Lt.-Gen. Kita by Major-Gen. Morioka as the Asia Development Board's Peiping Liaison Officer terminated that era and today North China Development is autonomous; the South Manchuria Railway Company's sway in North China is reduced to granting aid to North China Traffic, and Oriental Development is in final liquidation.

The influence in Japan proper of the Development Companies' military and civilian officers last year was sufficiently strong to raise almost the total of the investment funds promised the two companies for 1940 under the plans of 1938. North China Development managed to borrow in Japan little less than Yen 300,000,000, partly through the issue of 4.2 per cent debentures (at Yen 99.50 for each Yen 100) redeemable within 12 years, and partly through the release of other securities. The bulk of this money was spent on the construction of new N. China communications required by the Japanese military. Central China Development raised but a few tens of million yen, badly needed to provide some of its subsidiaries with working capital. Both companies were unable to appeal to the Shanghai capital market, although the latter throughout last year was characterized by an extraordinary surplus of cheap and liquid private capital eager for investment. Yet Shanghai capital failed to consider the Companies and their subsidiaries good risks, and preferred to ignore them.

"Dividend Subsidies"

The two Development Companies, as Tokyo calculates their balance sheets, yield some profit. In respect of 1939, they paid 4.5 per cent dividends, though only on shares not owned by the Japanese Government. The actual percentage of profit distribution, therefore, was but 2.25 per cent on the capital, and most of this money was derived from special dividend subsidies paid up by Tokyo. In respect of last year, however, at least Central China Development did not stand in need of any further dividend subsidy; the majority of the Company's subsidiaries having distributed dividends ranging from six to 10 per cent. Some of North China Development's subsidiaries also announced dividend payments which chiefly go to the parent company.

Most of these dividend distributions, however, do not result from genuinely profitable operation of the companies in question. In most instances, profits shown and dividends paid are made possible merely by under-valuation of expropriated Chinese property entrusted to "development" company subsidiaries, and by neglect of proper reservation and amortization. On a strict business basis, most of the allegedly profitably working companies would have to be considered deficitary.

Japanese War Minister's Demand for National "Total Sacrifice" Reinforced by Blanket Press Censorship

"Total sacrifice of self in service to the state will be necessary to surmount the gravest time in Japan's history," Lt.-General Hideki Tojo, Tokyo War Minister, declared in a New Year's Day warning to the Japanese nation. Coming after three years of imposition after official imposition on the private and public lives of the Japanese people, Tojo's warning foreboded the grim prospect of the limit of restrictive interference being set as the goal of war-weary, new-structured Konoye's government.

War Minister Tojo's New Year message stirred afresh the ill-concealed discontent of a restive press and Japan's Prince Premier was compelled to apply a gag to all publications by invoking Article 20 of the National Mobilization Act on January 10. This prohibits the publication of any information relating to the enforcement of the National Mobilization Law or such matters as may impair the conduct of economic policies or impede the smooth execution of national policies. Japanese newsmen, who had worked under severe censorship conditions since the outbreak of Sino-Japanese hostilities in August 1937, under the blanket restriction imposed on them last week entered the fold of Axis stooge journalists completely for the first time.

Adding to the difficulties already being encountered by foreign news correspondents in handling the Tokyo assignment, Koh Ishii, deputy spokesman of the recently formed Board of Information, gave notice that "in future" press conferences would be held in the Japanese language only. He advised foreign correspondents to learn Japanese, but set no time limit. This announcement was taken seriously by some, with levity by others. By none was it regarded as an extension to foreign newsmen of the gag applied to Japanese.

While Lieut.-Gen. Tojo called for total sacrifice for the "fourth year of the battle, in which we have one million men in the field, but can acclaim no peace in the near future," Mr. Ichizo Koboyashi, worried Minister of Commerce and Industry, hastened on January 8 to assure anxious businessmen that while Government control was necessary "to a certain extent," "due respect to the independency of private business and enterprise" would be given. Glibly he recited the country's war aims: "The building of a highly organized defense state within the East Asia sphere of co-prosperity based on self-sufficiency and self-supply."

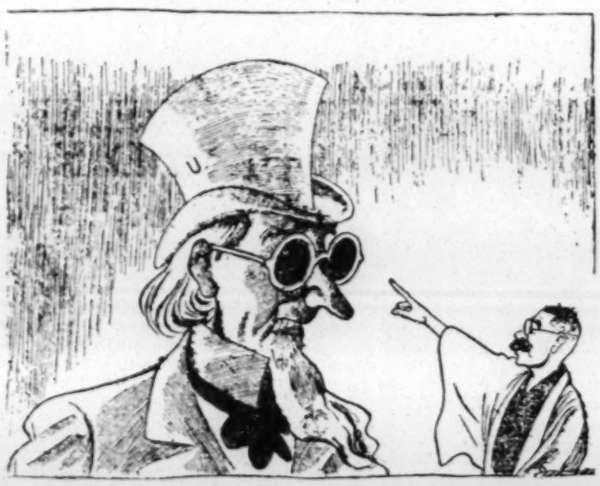
They Were Unimpressed

Traders, industrialists and merchants had heard it before. They remained unimpressed and the **Tokyo Yomiuri** gloomily pointed out that to complete the switch of Japan's economic system from free capitalism to controlled economy (under the "new structure"), drastic changes would have to be expected in every branch of Japan's financial, business and industrial setup. "Small merchants and industrialists will be weeded out and industrial and business enterprises will be aligned anew according to their locality and variety," the paper predicted.

Announcement of the formation of a new "Economic Police" force on December 29 lent weight to the **Yomiuri's** later prediction. The task of this "police" force, according to the **Japan Times and Advertiser,** would be to "enlighten the people on the economic policy." The enlightening campaign would be carried out from 12,000 offices. Also, the paper reported, three senior and 20 junior officials had been added to the peace preservation section of the Home Ministry.

Commerce Minister Koboyashi's assurances on January 8 were somewhat neutralized also by the announcement in Tokyo on December 21 of regulations to be enforced on July 1 of this year, governing exports and the distribution of raw materials for export goods. Claimed to be aimed at preventing price declines and to reinforce the national trade program, the regulations referred to proposed the establishment of a Japan Trade Development Company and "other firms," which would undertake to purchase export goods from manufacturers and then resell the commodities to export companies. Various trade development firms in Tokyo, Yokohama, Shizuoka, Osaka and other cities would be affiliated to the proposed Japan Trade Development Company, according to **Domei.**

"Blind to the New Order"



Japanese cartoonist, Eturo Kato, depicts Foreign Minister Matsouka telling Uncle Sam to take off his glasses so that he can see the glories of Japan's "New Order" in Asia. The cartoon appeared in the Times and Advertiser, Tokyo.

Action taken to establish interpretations and precedent of the Mobilization Law was direct and inclusive. Industries and utilities such as coal and oil companies were merged under one central organ, with government supervision. Such reorganization by the new Fuel Bureau of the Ministry of Commerce and Industry would result, according to a **Havas** report of December 18, in "effecting single unit control of production and distribution throughout the country." To establish coordination between internal commerce and the import and export of foreign goods, the Law was extended to restrict the foreign mail section of the Tokyo Central Post Office, according to Mr. Jinzaburo Tsujibe, head of the foreign mail section in an interview with the **Japan Times and Advertiser,** reported by **Havas** January 3. All foreign parcels in future will undergo inspection and restriction by the Finance Ministry.

"Black Bourse" Deal Lost

Legal precedent was established for the National Mobilization Law on December 26, when Yonetaro Takigawa, director of the Asana Cement Company, and Kyoichiro Ichinose, former manager of the company's branch in Tokyo, drew a year's hard labor each for engaging in a "black bourse" deal with the Hida Shoten, a Shizuoka firm. Both firms were fined Yen 5,000 for attempting to smash the "new structure's" monopoly on business, and profits on the deal, Yen 300,000, were confiscated by Home Minister Baron Hiranuma's "economic police."

The small men were not forgotten. "In acordance with demands by shopkeepers," according to a **Domei** message from Tokyo, the Ministry of Welfare ordered closure of all shops throughout the country at 9 p.m. instead of 10 p.m., excepting those "shops" designated "specially as pleasure resorts." The Ministry also announced on January 6 that it was preparing an amendment to the Shop Law providing that shops be closed for two holidays monthly as well as regular annual holidays.

Japan's puppet states, too, reflected the "new order." Manchukuo, **Domei** reported on December 27, revised taxation laws to increase revenue needed as the result of a reduction of handouts from Tokyo. The existing business tax and tax on professional incomes were abolished, but they were replaced by an "enterprise income tax" and a special permit system controlling industry and imports. Taxes on tobacco, wine and furs were increased and port authorities were told to clamp down on smuggling. Faced with the growing economic bogeyman of inflation, the Manchukuo Central Bank was ordered to reduced its note issue to a ration maintaining a 30 per cent legal specie reserve, according to **Reuter** from Chungchan on December 28. The Public Peace Section of the Police Affairs Bureau announced that "taxi-dancing" and dancing in cabarets would be banned as from March 1. In view of special circumstances, stated the **Manchuria Daily News,** quoted by **Havas** on January 6, a limited number of dance halls of the cabaret type catering to cutomers predominantly Russian and foreign would be permitted to continue.

In the South Seas, Japan's expanding trade was shocked by the imposition on January 6 of foreign currency exchange regulations operating in Tokyo. Enforcement of the exchange regulations brought the South Seas, so far as Japanese traders were concerned, into the Yen bloc.

Cut in on Gifts

The tightening of exchange restrictions was felt by foreigners resident in Japan, where they were applied in their strictest form. Trade samples and gift parcels which previously had escaped Tokyo's revenue leaners were mobilized by the "new structure" for sen taxation. Nothing escaped.

Forewarned of a possible attempt by the Ministry of Commerce and Industry to rationalize the Japanese petroleum industry, oil companies met in Tokyo last month, according to a **Havas** report, and decided to escape complete merger by the formation of three big firms. Shanghai oil men regarded the plan as a stopgap, staving off the evil hour,

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and observed that the Japanese domestic petroleum industry in any case was barely subsisting on rationed allowances. Petrol supplies were so limited, it was recalled, that large numbers of lorries and buses had been converted to burn charcoal gas.

Even charcoal gas failed the Japanese during the heavy call made on supplies by traffic while the Empire Foundation ceremonies were being held, and as indignant housewives stormed charcoal dealer's shops at the beginning of this year, the Home Ministry was compelled to introduce a rationing system directed particularly against hoarding, indicating fears of a more severe shortage in the future. First petrol, and then charcoal supplies having failed them, it was revealed by **Havas** from Tokyo on December 27, the Osaka Motor Manufacturing Company was experimenting with acetyline-gas driven cars. Carbide to generate the acetyline gas, if the experiments proved successful, would be distributed by the Japan Carbide Distributing Company, it was announced.

Hit by the U. S. embargo on the export of petroleum and petroleum products to Japan last September, Japanese authorities examined their natural oil resources and reached the conclusion, according to **Havas** from Tokyo on January 4, that they were poor. While hope was still held for a more "satisfactory" result from negotiations with the Netherlands East Indies, it was "deeply regretted," stated the report, "that the prospecing and drawing operations in the Saghalien oilfields during 1940 had not been more satisfactory than in recent years. As a result of natural oil short age, the **Chugai Shogyo** declared, Japan's synthetic oil industry would be launched "in real earnest in the near future, when several plants would start operating. Among the plants expected to start large-scale operations were the Mitsui Mining Company's Omuda plant, the Kawasaki plant of the Japan Oleochemical Industry Company and the Fushun plant of the South Manchuria Railway.

Nylon's Challenge

While Japanese scientists tinkered with ersatz fuel, others sought the perfect, but elusive, locust-proof ersatz fibre for domestic consumption, and a material for export capable of meeting Nylon's challenge to the Japanese silk markets. The Commerce and Industry Ministry on December 29 stated it would subsidize a synthetic fibre research institute with an initial grant of Yen 3,000,000 and an anuual gift of Yen 90,000. The institute is expected to be inaugurated at the end of this month.

Japan's Ministry of Agriculture and Forestry which two years ago encouraged the silkworm farmers to expand as much as possible, had to think fast over Nylon too, and immediately proposed that efforts be made to convert silkworm cocoons with a formalin formula into ersatz wool. Price of a suit of clothing from this material, it was estimated, would be Yen 43. The Ministry added that the material would be washable. Shanghai silk experts thought that any material made from silk cocoons would have to be washable, and even then could only be worn at a distance.

Japan's "new structure" wartime regulations came closer to the people also. Movie programs were ordered cut by 30 minutes to 2½ hours and censors were given wider powers by a revision of the Motion Picture Act on December 27. Pictures "found to be hindering propaganda necessary to the national policy would be banned from Nippon's screens in future it was announced in a **Domei** message.

New Education

Next to the imposition of the total press ban, perhaps the severest blow dealt Japanese culture by the "new structure" was the decision to limit entrants to Universities and other institutes of higher learning to 10 per cent of this year's graduates from business schools and colleges. This decision, reported the **Nichi Nichi** on December 17, was taken by the Ministry of Education because the authorities wanted more people to enter the business world.

Government control over education, **Havas** reported from Tokyo on January 12, was declared by the **Japan Times and Advertiser** to have been tightened. If a new Education Ministry Bill is enacted by Konoye's Yes-Diet, education dispensed to pupils will be strictly in accordance with the "new structure." While the decision reached on December 17 calls for the elimination of literature in favor of business courses, however, the purpose of the Bill announced on January 12 is claimed to be "the eradication of commercialism often indulged in by the leaders of private schools!" Teachers will be paid on a "firmer" basis.

Strangely enough, the Japanese nation was better, or at least more-widely, read last year than it was the year before. Publishers anticipating a shortage of paper in 1940 worked their presses overtime, while books gained popularity as restrictions on motion pictures, theaters and other forms of amusement increased.

Saki addicts, who last week escaped sentence to sterility on medical evidence that dipsomania did not necessarily produce unfavorable parenthood, were further encouraged in their cups over the New Year by an announcement in the **Japan Times and Advertiser** that competent Government authorities had taken up the question of better distribution of the wine. Householders, it was bitterly complained last year were unable to obtain saki because distributors had been monopolized by the luxury market, wherein they could obtain better prices than through retail business.

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For a complete list of agencies, please consult advertisement in the forthcoming issue of the China Weekly Review.

NEW YORK BUFFALO LONDON

Settlement Police Move Into Action Against Gambling Dens

While Mayor Chen Kung-po, as reported elsewhere in this issue of **The Review**, continued to remain an ineffective cog in the local puppet gambling machine, Settlement police last month quietly launched a drive on gambling in the Settlement.

The police went into action first on December 13, the **China Press** revealed in a special article published on January 14, and the end of a month's preparatory groundwork they raided the notorious Denis Apartments den last Saturday.

With several more raids pending, the police prosecution took Antonio Perpetuo to the Portuguese Consular Court on gambling charges — the first to be made against a foreigner since the famous case in which the American escaped convict, Jack Riley, walked out on bail of U.S.$25,000 at the U. S. Court for China on December 4.

Riley is still missing, but the trial and sentencing of Perpetuo will be the first blow shatter the ring of foreigners who operate gambling in the Settlement, if police plans go through. Perpetuo was alleged to have owned the "37427" Club which operated at 1477 Bubbling Well Road. According to reports in gambling circles there are at least five other dens doing big business in the Settlement.

"One—Arm Bandits"

When Jack Riley, local "Slot Machine King" was arrested, the "One-Arm Bandits" disappeared overnight from Shanghai bars, night clubs and dives. But recently they have emerged from their hiding placed and are back on the job garnering the small coins of the public. The above is a "check" given patrons of the Winter Garden' in the event they happen to win a "jackpot." The Winter Gardon is operated by "Jimmie" James, an American, who also is proprietor of several restaurants about the city. As indicated in the sensational Riley trial, the operation of slot-machines is as illegal under American law, as is the operation of other forms of gambling establishments.

With some of them boasting "protection," these foreigners are said to have divided the Settlement into "spheres of influence." Their strength, it was said, lies in that the dens can open in a different locality soon after they are raided and closed down in their former premises. All too often, it was explained by the **China Press** the arrest of the "front" for the gambling den left the real owner or owners at large to continue their "industry."

The firm intention of the Shanghai Municipal Council to harry this clique out of existence was reflected in the statement made by a responsible police official, who said: "We've been campaigning against them for the past 10 years, but this time we'll drive them out of the Settlement."

One place was reported to be operating at 7 Tifeng Road, under Russian management. The Russians were also said to be connected with a new gambling house in the former residence of Elly Widler on the 17th floor of the Broadway Mansions.

Running in the Settlement at present, also, is a den above the Silver Palace dance hall, at the corner of Avenue Foch and Weihaiwei Road, it was reported. At one time two "clubs" were operating on different floors, but a police raid closed one down.

The Union Club, which opened on Boxing Day on Tifeng Road, opposite the Fire Brigade, is said to be run by a Spaniard and two Russians. The "club" is not within raiding distance of the S.M.P. as it is situated in Chen Kung-po's territory.

A Frenchman is said to be behind a luxurious den in the Medhurst Apartments, at the corner of Bubbling Well and Medhurst Roads.

In addition, a gambling den is said to be operating at 204 Seymour Road, above Watson's Pharmacy at the corner of Bubbling Well and Seymour Roads. This establishment, according to private information, is co-owned by a Portuguese and an Englishman.

Against the places still open now, the S.M.P. can check several dens which have been forced to close. These are the "37427 Club," a lower-class den on Avenue Haig, near Avenue Foch, a den on Ferry Road, and the establishment in Apartment 35A on the eighth floor of the Dennis Apartments, at the corner of Bubbling Well and Carter Roads.

Detained in the latter raid, when detectives seized gambling paraphernalia, was a Portuguese who has been handed over to the Portuguese authorities. The nature of the charges to be framed against him were not known, as detectives suspect that he acted as a "front" for the real owners.

The demise of two other gambling dens was noted recently. The establishment at the Kingland Dancing Hall, in the big, gambling house at the corner of Yates and Weihaiwei Roads, closed down about a month ago, for an unknown reason. The "Tiny Club," near the Navy Y.M.C.A. on Szechuen Road, reported to have been backed by Italian money, was scared by the police campaign into shutting up shop.

In conjunction with their own war against gambling, the S.M.P. evinced interest in Mayor Chen Kung-po's repeated promises to stamp out gambling and other forms of vice in the area under his administration. Responsible officials said they had as yet received no signs that the Mayor intended to put his promises into practice.

Should the Mayor, however, turn against the big interests said to be behind such profitable palaces of vice as the "Six Nations' Club," at the corner of Avenue Haig and Avenue Foch, a firmer police stand may be expected against Chinese dens fronting on Settlement roads, it was stated.

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Hitler Death Hoax Passengers Ship at Sea; Wang Death Report Doubted in Shanghai

Reports that Hitler had been killed during an air raid hoaxed passengers into wild rejoicing in a ship at sea, and a report that Wang Ching-wei had been assassinated had Shanghai newspapermen quietly worried last week.

The Hitler hoax was posted on the notice board of the Portuguese liner Serpantino, stating that the Fuerher and Marshal Herman Goering had been bombed, and that Field Marshal Wilhelm von Kietel, chief of the German General Staff, had radioed Britain's Premier, Winston Churchill, for an armistice.

Women fainted when the "news" was circulated during dinner, according to a **Reuter** report, and passengers demanded that the vessel be turned back. Quoting the **New York Sun**, the agency said that excitement ran high until the Purser announced the report to be a hoax.

The story that Wang Ching-wei had been assassinated first came to **The Review** in the form of a pencilled letter. The letter, written in erratic handwriting, was signed by one Popoff Ferovsky, and its veracity is, to say the least, doubtful. Rather interesting, however, was the detailed trouble to which the writer went: the letter was as follows:

"Sir.—Wang Ching-wei was fatally shot by one of his guardsmen on last Friday night the 3rd, 1941.

"Two Bullet Wounds"

"One of his secretaries, Mr. Tsoong, rang my door bell violently and engaged my professional services for the emergency case. I hastily scribbled a note to my assistant, snatched my satchel and started out. We marched double time one square and came to Wang's stronghold and then to the scene of a dying man in a well-appointed chamber. The wounds were examined—two bullets penetrated two lungs and one of them passed through the heart. I reached for the pulse which beat weakly and slowly—weaker and weaker and slower and slower by degrees. The victim was gasping for air. I asked Mr. Tsoong to send for an ambulance. When interpreted, some looked blank, some appeared indifferent and one shook his head. I tried to examine his eyes by removing a towel covering his forehead and eyes to the nostrils; one man intercepted my attempt and said that the light was too glaring. In the meantime I saw three Japanese officers and a doctor come in and soon followed by three Chinese doctors including the physician of the household. The new arrivals looked at me suspiciously. I inquired the name of the wounded man for my office records. 'Eh—h—h, Mr. A. O. Li,' said Mr. Tsoong.

"I withdrew quietly and slowly. At the foot of the staircase stood a crowd of women in a broad passage. A woman uttered: 'The foreign doctor is leaving.' Another murmured, 'I hope the President will live.' Of course no one, not even my own servants ever heard me speak a word of Chinese—the language I studied six years and understood 22 years. At the gate, which was guarded by a guard of soldiers, I was not permitted to leave. Mr. Tsoong intervened and spoke: 'Only Chinese are not permitted to leave. This foreign doctor may. He does not know anything.'

"I was a (—?—) attached to the Russian Imperial Army stationed in Moscow. When the revolution broke out I fled to Tai Yuan where I soon became a Chinese citizen. For seventeen years my Chinese friends and I did roaring business in furs in Tai Yuan. I spent six weeks in Szechuen before I came to Nanking about thirty months ago.

"Left for Shanghai"

"Outwardly the atmosphere in Nanking was apparently tranquil and peaceful while the undercurrent of intrigue and secrecy was there and dangerous. The Nanking regime had been an empty shell, now it is a soapsuds balloon. At 6 a.m. on the 4th Mr. Tsoong telephoned me to see the wounded man whom, he said, had been operated on and spent a restful night. I acquiesced that I would be coming over some time in the morning.

"After a few moments of thinking, I shaved off my Vandyke beard, discarded my spectacles otherwise disguised myself and carried the most suitable passport of the four in my possession, I left for Shanghai."

In connection with the above letter, it is interesting to recall that one of the reasons alleged to have been given by the Nanking authorities for murdering Mr. S. T. Chen last year was that "evidence" had been discovered the murdered man attempted to bribe one of Wang's doctors to poison him. Fantastic as these stories are, it is nevertheless a fact that the "Prisoner of Nanking," as Wang Ching-wei is known, keeps closely to his stronghold, refuses press interviews and on his rare public appearances is so heavily guarded as to suggest that his life undoubtedly is in danger.

Japanese Economic Offensive Aided by Chinese Speculators and Flight of Capital to Foreign Banks Here and Abroad

BY CHEN HAN-SENG

After the Japanese captured Hankow in October, 1938, they pursued, in addition to their military campaigns, a political offensive with the object of inducing China to surrender. Having established Wang Ching-wei in Nanking as head of a puppet regime in March, 1940, the Japanese then began to put more emphasis on their blockade of Free China consolidation of markets in occupied areas. This economic offensive now goes on hand in hand with the political and the military aggression, the aim of it being to extract raw materials, to push Japanese markets, and to feed and supply garrison troops in China. At the same time the Japanese hope to disrupt Chinese economy by controlling the customs, dominating the trunk lines of land communication, and by issuing military notes and creating puppet banks.

As a counter-measure against Japanese economic strategy, the Kuomintang in its 7th Plenary Session last summer, decided to set up a ministry of economic control in the Executive Yuan. Owing to the difficulty in obtaining a suitable person to fill this ministerial post, the new ministry was not formed in Chungking until recently and many issues relating to finance and food meanwhile assumed so serious an aspect, that they had to be regarded as salient problems of China's national defense economy.

Deposits in Chinese banks are mounting, and Shanghai is a typical illustration, where at present it is reported more than NC$154,000,000 is on deposit. This represents a ten million increase since July, 1940 and a hundred and ten million increase since July, 1939. Since this money is chiefly unproductive, banks cannot afford to pay the interest rate that they did in the past. The Shanghai Commercial and Savings Bank and several other large Chinese banks reduced interest rates to 1/5 per cent on current deposits from October last.

This interest reduction tended to shift deposits to foreign banks, which in Shanghai alone were now believed to be holding a total of Chinese deposits equivalent to NC-1,300,000,000. In Hongkong also, non-Chinese banks are reported to have Chinese deposits up to several hundred millions of Hongkong dollars. Dr. Ma Yin-tsu, a Chinese economist and Member of the Legislative Yuan in Chungking, recently stated that a group of influential Chinese had made money during the war amounting to NC$1,500,000,000 and the major portion of this had been sent abroad.

In a public lecture in Chungking on October 29, attended by some two thousand people, Chow En-lai, a well-known representative of China's Communist Party, told his audience that Chinese high officials were maintaining private deposits in America totaling US$170,000,000, and it is interesting to observe that this figure approximates all the United States' loans made to China during the war. If the large Chinese deposits abroad were converted into Chinese government bonds, they would be sufficient to finance China's war of national liberation, Chow declared.

The government instead of stopping this flight of capital by taxing the rich, has attempted to meet a considerable portion of its deficit by issuing new bank notes. Some of these are printed in the Chinese banknote printing plants in Hongkong, but many more have come from Europe and America. Notes printed by Thomas de la Rue of London and the American Banknote Company are in denominations of NC$1, $5, and $100. These new notes are being frequently sent into China by chartered aeroplanes. It is said that the NC$100 notes have facilitated the smuggling of national currency out of the country for the purpose of exchange speculation.

In his article on China's war economy which was published on 8th December in **Ta Kung Pao**, Hongkong, Dr. Ma Yin-tsu pointed out that banknotes, when unaccompanied by increased means of production, are not sufficient to lead to an economic reconstruction. "When notes are not used for enlarging production but for promoting speculation, the tendency naturally would be a malignant inflation."

This inflation, though slow in developing, has played havoc with China's price structure. It seems that inflation began in July last year, followed by a general increase in prices last April. At present there is probably as much as NC$8,000,000,000 in notes in circulation. The "Index of Retail Prices of Commodites for the Consumption of the Labor Class in Chungking" was compiled by the Foreign Trade Commission of the Ministry of Finance. It reveals the following inevitable development:

(Average January to June 1937 =100)

1937	November	107.0
1938	November	134.7
1939	November	249.3
1940	November	956.8

This rapid price movement, caused by various factors but primarily by the recent inflation, is certainly not confined to the Chungking areas. A similar development is occurring in many parts of the country. In places where the local markets are flooded with smuggled Japanese goods, the prices of these goods are also rising at an accelerated rate. The cost of living assumed a steep climb, and this of course seriously disturbed and deranged the cost of production in industry as well as in agriculture.

In general, the increase in the price of clothing materials has almost come to a standstill, but the retail price level of rice continued to shoot upward until General Chiang's recent edict in Chungkung. In fact, the high cost of food absorb an ever larger part of the purchasing power of the peasants, the labourers, and those who entirely depended upon their salaries, decreasing their ability to buy clothing materials, and all other commodities. The high cost of foodstuffs has rapidly reduced the standard of living of the Chinese people. In rice producing regions this was chiefly owing to hoarding by landlords who are at the same time usurers and speculating merchants.

Early this year, the provincial authorities of Yunnan put up a virtual embargo on rice in the rice producing districts around Kunming. The reason given was that it was found necessary to reserve the supply for troops, though in reality an illegal system had been evolved by which the officials and the landlords co-operated in hoarding and smuggling.

That the rapid increase in the cost of rice in Yunnan was not due to any shortage of supply and not wholly to

(*Continued on page 252*)

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"Compromise Plan" Suggested for Controlled Trade by Third Power Shipping Through Japanese Blockade

Negotiations were said to be under way in Shanghai last week whereby Japan's blockade of coast ports neighboring Shanghai might be partially lifted, according to "authorities" quoted by the **North China Daily News.** If satisfactory, parleys between shipping concerns and the Japanese authorities might result in foreign boats being chartered to Japanese interests for coast trade, the report added, and the difficulty of such chartered boats entering Free China waters would be overcome through negotiations with Chinese authorities, who were facing an acute shortage of supplies.

For long a subject of protests from foreign powers because of numerous detentions, seizures, and inspections of ships on the part of the Japanese, the blockade has resulted in growing animosity among third power shippers at stagnation of the once thriving shipping trade in China ports, increasing evidence of squeeze methods, leaks in the blockade, and wholesale smuggling.

Ship detentions apparently have been indescriminate as to nationality. Is was reported by the **China Press** on December 14 that three German vessels and an American vessel had been seized by Japanese naval authorities near Wenchow and detained for over a month, in spite of Axis Alliances between the two nations. Later, on December 21, it was announced by the **Shun Pao** that five German and Italian ships were being detained in the Whangpo River for carrying cotton and silk goods without a Japanese permit.

Estelle L. Case

Most publicized and protested detention was that of the American boat, Estelle L., in Tinghai for more than two months while Japanese authorities questioned the right of the cargo of paper and dried food being carried to Wenchow from Shanghai. The Estelle L. left on November 3, and had just hit open water when a Japanese patrol boat came alongside, sailors boarded the ship, and she was taken to Tinghai on Chusan Island under guard.

An immediate protest from the Shanghai American Consulate-General succeeded in freeing missionary Edward Lyons and others of the passenger list, but the crew was forced to remain aboard.

Several formal protests from the Consulate-General drew only vague replies from the Japanese. Finally the matter was settled when Mr. Joseph Grew, U. S. Ambassador to Japan, took the matter to the foreign office. The ship was released so quickly that officials of the American Consulate in Shanghai were not notified until afterwards—but the Estelle L. gave up her voyage and returned to Shanghai.

The present scheme to help free the port of idle ships and eliminate exorbitant "permit fees" by charters being given to the Japanese government is one that has been favored by the occupation authorities for some time, according to the January 14 issue of the **North China Daily News.** By placing the boats under Japanese authority, cargoes could be discharged without detention for the various "Special Fees" imposed by local naval officials, by which the blockade has so far been enforced, it was declared.

That Japanese chartered vessels should be allowed to carry supplies into waters bordering on the territory still occupied by Chinese forces was a question yet to be decided. The outcome probably would be the result of a compromise between the Japanese desire to clear the ports and circumvent protests and smuggling, and the acute need of food supplies on the part of the Chinese.

Japanese Squeeze

Many observers have noted indications that the blockade has been far from successful in keeping goods from sifting inland, except to individual Japanese officials who have overlooked the leaks for a considerable "Special Fee".

A traveler from the interior who arrived in Shanghai recently was quoted by the **China Press** on January 9 as saying that "The Japanese blockade of the China coast is being punctured in an increasing number of points, and through these holes the Japanese Army, sorely pressed for funds, allows millions of dollars' worth of goods to pour into Free China monthly."

Particulars of the blockade leaks seem to be well known by Japanese authorities. More flagrant examples have caused action on the part of the Tokyo government through press publicity, as when an observer for **Life Magazine** uncovered news of a vast amount of goods pouring inland monthly over a route near Hongkong. Publicized into action, the Japanese Army sent air planes over the area, unerringly machine-gunned several hundred carriers, and confiscated huge stocks of cotton.

Careful information seems to be kept as to what the leaks consist of, because, the before-mentioned authority quoted by the China Press states, "the Japanese have an excellent spy system. For instance, another time when they were forced to take action by newspaper reports, their planes flew up Pearl River, right up to the inland waterways system, and unerringly bombed ships carrying gasoline. They made no mistake. Each ship they bombed carried gasoline inland. They did not bother with the ships that did not have gasoline. Yet Japanese Army authorities permitted these same ships to pass the blockade."

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Free French Movement Gains Headway in Shanghai; Many Volunteers Lespatched

BY SAM WOLFIN

Shanghai's Frenchmen have given generous reception to the inauguration of the de Gaulle movement, with numerous nationalities which comprise the local population lending their support.

Mr. P. A. La Roche was the first Frenchman in Shanghai to hoist the flag of Free France over his house in the summer of 1940. He swiftly collected a large following of French and other nationalities, and although La Roche has left Shanghai to join his leader, other capable men have undertaken the direction in this society generally known as **"France Quand Meme."**

First organized merely as a society which sympathized, the Shanghai de Gaulle movement is now an accredited unit in direct communication with the de Gaulle headquarters. The association collects funds, is sending volunteers from here and is vested with certain powers. It is however, subject to supervision by the British Military authorities.

Despite the enthusiasm displayed by Shanghailanders in the movement of General Charles de Gaulle, however, the attitude of local Frenchmen is peculiar. From reliable sources it has been learned that 80 per cent are anti-German. Of that 80 per cent 40 are pro de Gaulle and pro-British, the other 40 per cent prefer to remain neutral and await developments. On the whole, there has been a certain anti-British tendency aroused by the treatment meted out to French war efforts. This is however only theoretical as factually a pro-de Gaulle member naturally must be pro-British as well.

Following are two reasons for this anti-British feeling here. Among the numerous duties of the **France Quand Meme** association is that of sending off Volunteers from Shanghai to the de Gaulle forces. Volunteers are obliged to write to the committee who subsequently submit the application to the Briish military attache for approval. So far only French volunteers have been permitted to join while all others have been refused. An example was the case of Mr. Hilaire du Berriere.

Du Berriere, a Frenchman with an American passport and probably the only local American authority on French Somaliland, a war aviator who gained his wings in Ethiopia and Spain, has applied time and again for permission to fight for General de Gaulle and has been consistently refused on the grounds that he is American.

The second reason is that, whereas the **France Quand Meme** committee is encouraging French youths to volunteer, British youths have been advised to hold down their positions here until there is a definite call for them.

Notwithstanding the above mentioned reason, large numbers of French nationals are leaving on every available ship. And only on Wednesday of this week a good number of them left Shanghai to enter active service.

Many Frenchmen have jumped ship in Shanghai from Vichy-Controlled vessels. They have transfered for Singapore, to join the British Navy.

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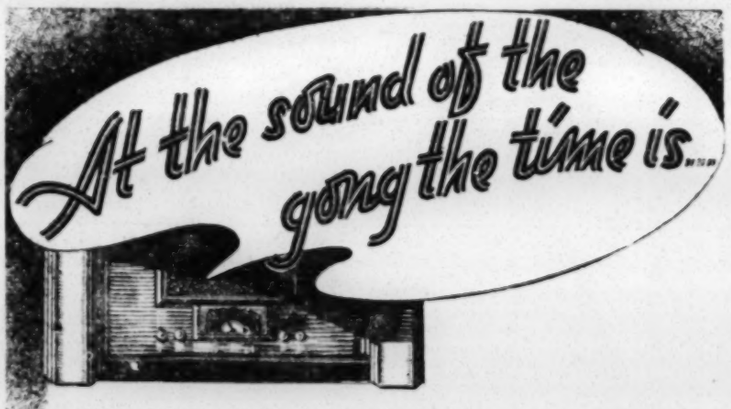

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Grim Struggles For Pivot Points Rage on Hunan Border as Japanese Airmen Bomb Foreigners, Noncombatants Alike

Hupeh-Hunan border and Northern Kiangsi were scenes of grim struggles as both Chinese and Japanese launched offensive and counter-offensive for control of pivotal points within those areas last week. Japanese meanwhile intensified air activity over wide areas of Free China and took heavy toll of noncombatants, including several foreigners, when indiscriminate bombing sank several passenger boats near Waichow, in East Kwantung, and off the Haiyen coast in South Kiangsu.

Chinese field dispatches from the North Hunan front claimed that 3,000 Japanese troops supported by artillery launched an attack to the south on January 4 from their base at Yang Lou Sze along the Hunan-Hupeh border, while simultaneously Japanese forces in Southern Hupeh pushed into the hills east of Tsung Yang and Tung Chen in three columns. After 24 hours of vigorous fighting, the Chinese despatches claim, the Japanese withdrew to their original positions, leaving behind many killed and wounded.

On January 6, according to a **Chinese-American Daily News** report, Japanese with the assistance of more than ten planes launched another attack against the Chinese positions, but the Chinese forced them to retreat to Yang Lou Sze for the second time.

A **National Herald** report from Changsha stated that more than 15,000 Japanese troops of the 6th and 40th divisions in North Hunan launched an offensive near Tungchen and Peikong on January 1. As a result of a series of severe engagements, over 4,000 Japanese were claimed by the Chinese to have been killed while the remaining Japanese retreated toward the north-west part of Tungchen. Chinese claimed they seized large numbers of Japanese arms and ammunitions, including 16 heavy machine guns, 367 rifles, 7 pistols, and 603 gas masks.

Japanese Isolated

Japanese reports carried by **Domei** from Hankow claimed rapid advance was made in the assault launched on January 6 against large concentrations of Chinese on both banks of the Lu Shui River, close to the Western slopes of the Wanyang mountains, south-east Hupeh. A later **Domei** report further claimed that "mopping up" operations were carried out by the Japanese troops within the same region in an attempt to liquidate the "entire Chinese remnants."

Latest Chinese reports from Hangyang declared that mobile units along northern section of the Canton-Hankow Railway successfully destroyed several vital bridges, especially one near Pushi, at the intersection of the Lu Shui River and the Canton-Hankow Railway. The Japanese forces operating along the Lu Shui River were said threatened with isolation from their Hankow Military Headquarters.

Hostilities in northern Kiangsi were renewed last week as the Japanese troops in Nanchang started pushing southward along the Chekiang-Kiangsi Railway. Chinese reports carried by **Havas** from Chungking admitted that Shangtang, Tingphong, Shaputan, 30 kilometers by the advancing Japanese forces. All south-east of Nanchang, were occupied the lost positions, said the same report, were immediately recaptured after counter-offensives and the entire front south of Nanchang, it was further reported, remained unchanged.

Pangchih, in northeast Kiangsu, was another scene of sanguinary battles as Chinese forces resorted to repeated guerilla attacks against Japanese positions around the Pangchih region. On the night of January 8, the Chinese made a sudden attack from the south-east of Pangchih. After chasing and dispersing a column of Japanese troops, Chinese forces claimed they had reached the suburbs of Pangchih, and to have inflicted heavy casualties upon the Japanese during an engagement with another column guarding Pangchih.

Speculation on the Japanese southward expansion plan was again circulating among Chungking well-informed circles, while a January 7 report from the wartime capital stated that over 30 Japanese warships were concentrated at Hainan Island. In order to intensify the total military strength, the Japanese were reported to have built new harbors on the island.

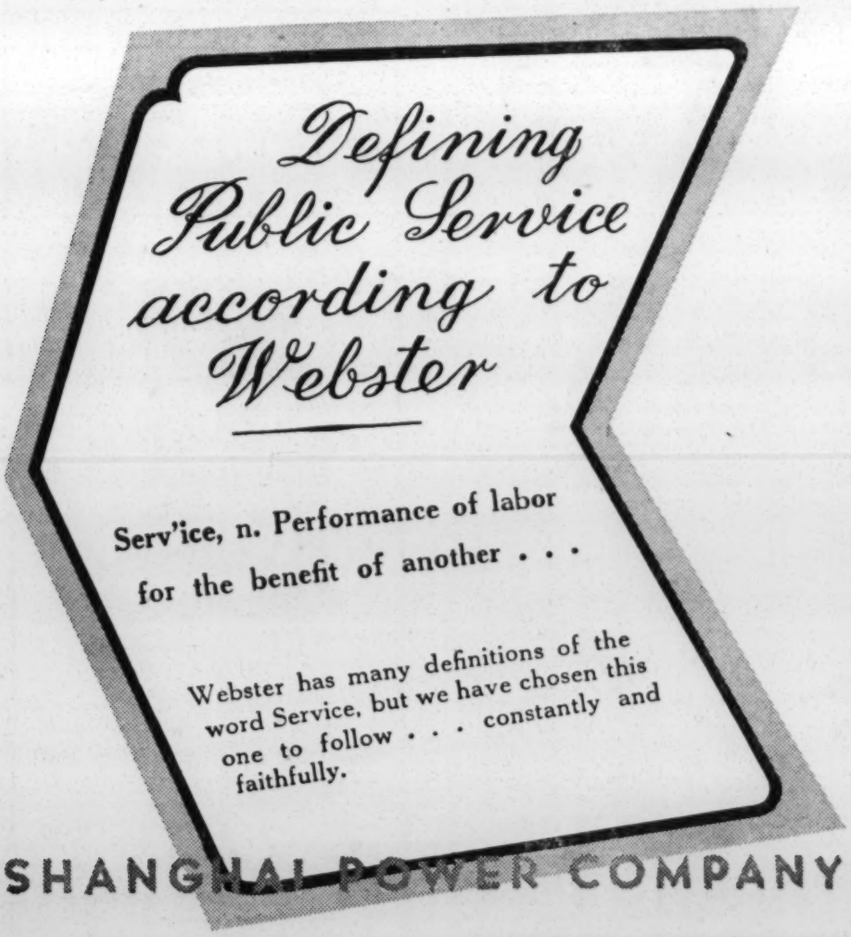
Catholic Nun Killed

An Italian Catholic Sister was killed, two other Italian nuns were wounded and 200 Chinese were killed in an air raid on Waichow, 50 miles north of the Kowloon border, on January 8, according to **United Press** report from Hongkong. The report was based upon an announcement by the Waichow Italian Mission, which stated that in the course of the ruthless bombardment, nine bombs landed on the waterfront, damaging wharves and sinking two river boats filled with passengers. A part of St. Joseph's hospital also was demolished. Twenty convicts were killed when bombs struck the Waichow prison, the Italian Mission said.

In addition to renewing air attacks against key points on the recently blockaded Kwangchow Bay area, the Japanese claimed to have raided Chinese positions at Niwan, Towmen, Narmon, Meiko, and Tachichueh, west of the west River in southern Kwangtung, according to **Domei** reports from Canton. All the bombed areas were claimed by the Japanese to be Chinese supply and transportation centers.

Another toll of 90 lives was taken by Japanese raiders on January 6 when they severely bombed ferry boats leaving Haiyen, in South Kiangsu, for the North Chekiang coast, belated reports received by the **China Press revealed.** Shipping quarters pointed out that Haiyen became a principal transportation center between Shanghai and Ningpo following the blockading of the Chekiang coast by the Japanese. The route, however, was cut earlier this month when without warning Japanese planes severely raided the area. The Japanese bombing on January 6, said the reports, succeeded in sinking three or four vessels and virtually none of the passengers and crews escaped.

More than 30 Japanese 'planes bombed Chuchi, important district in east Chekiang on January 11 in waves, causing many fires to break out, according to a Chinese report from Kinhwa, war-time capital of Chekiang. Investigations are being conducted to ascertain the amount of damage and the number of casualties caused during the all-day raid.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U.S. Press Opinion Favors Strong Action in Far East; Evacuation "Suggestion" Regarded as Necessary Move

American public interest in the Far Eastern situation in recent months, as reflected in American newspapers, shows that opinion gradually has become heavily weighted in favor of strong action, even if it means war.

Expressions on the early evacuation "suggestion" last year were fairly uniform in praising the wisdom and necessity of the move. Reactions to Japan's alliance with the Axis generally considered it as an open threat against the United States, sharpening the issues between aggression and democracy and calling for a definite stand. As to the character of the stand which America should take, in the future, opinion was divided between a peaceful and judicious withdrawal and a firm policy of immediately blocking aggression, with the balance possibly in favor of the latter.

That evacuation was the only answer to the Japanese, unless reprisal action was taken against the arrests and the endanggring of American citizens in the Far East, was reflected in three editorial comments. The **Chicago Daily News** on November 27, 1940, expresses the following opinion on the arrest of an American Vice-Consul and a newspaper man in Haiphong.

"The United states Government will never object to the arrest of American citizens abroad who are guilty of genuine and serious offenses, if they are then promptly and fairly tried for those offenses. But the promiscuous and unjustified arrests in which the Japanese continually indulge are intolerable. It is evident that the Japanese do not understand mere remonstrances....But there is something that they would understand, and that is reprisals."

Pending any action, the withdrawal of Americans from the East was considered wise, believed the **Texas Daily Sun,** which added that "the move also serves the useful purpose of letting the Japanese people see how seriously our own government and people consider the situation. That sensitive nation should be moved to some serious thinking about international relations."

A more vigorous warning was given in a **Detroit Free Press** editorial of October 10: "Japanese have been slapping Americans around in China for the past two years, although for most of that period their Government was trying to appease this country. Anyone who knows the Japanese temper hates to think what they might do if war blew the lid off."

U.S. And the Axis

When Japan announced her alliance with the Axis, U.S. papers were quick to interpret the meaning of it in relation to America.

"The meaning of the Axis Agreement is clear," says the **Putnam Patriot,** Connecticutt, "although the name of the United States is not mentioned. If we should join England in the war against Germany and Italy, Japan is pledged to immediately attack us." Reaction on the part of the **Camden Post,** New Jersey, was: "Hitler, Mussolini, and the Mikado might as well be told now. We don't scare. Neither do we quit....The Japan-Axis coast to coast hook-up merely has intensified and solidified American resentment against those powers."

That the alliance was a bluff was expressed in the **Lake Placid News,** New York. "Japan has been bled white to continue her war against China. Italy has made little headway in the Mediterranean or in Africa. Germany so far has been thwarted in her boasted intention to crush England. So the new conbination appears to be principally a move for propaganda purposes...."

What the average American felt about the alliance may be said to be as follows: "Instead of dividing public opinion here and spreadng fear among Americans, these threats and warnings have only united us the more in our determination to resist attacks on our interests here and abroad. We are now dealing with the dictators in the only way they can be dealt with, meeting threat with warning, and all the while building up our Navy, our Army, and air forces to a peak of strength and efficiency." This is quoted from the **Milerton News.,** N.Y.

Many Call For Action

On the actual policy America should take, opinions showed a great diversity. Among the more striking calls for action was an article by Representative Joe Hendricks of Florida, in his column in the Florida newspapers.

"For my own benefit I have polled many members of the House as to their attitude concerning Japan, and up to the present time I have not found one but what believes we should declare war on Japan now. The concensus of opinion is that regardless of what we may do, some day we will have to fight Japan, and that now is the best time to do it."

Support of this opinion was given by many other articles, including those by military experts, who felt that Japan was now a lesser foe than she would be later, and that America was ready without a two-ocean navy, since the threat in the Atlantic was indefinitely postponed. To those who felt that it would be playing into the Axis hands, answer was made to the effect that naval authorities believed it would be easier to defeat Japan now before her new battleships were completed, and aid could then be supplied to Britain when the crisis came in Europe.

Lindbergh's Regrets

Pacifist elements in America, however, were active in their argument that war against Japan was needless. Col. Lindbergh regretted that America "has alienated the most powerful military nations of Europe and Asia." Publisher Roy Howard suggested that a commission of Americans "with some understanding of Oriental psychology" be appointed to study the situation toward a "friendly basis". Both spokesmen have been widely quoted to this effect.

The **Troy Record,** New York, declared that "it would seem plain common sense to stop baiting the Japanese and make it clear that we intend to leave Asia to the Asiatics."

The **Lidgerwood Monitor,** North Dakota, invoked an international interpretation of the Monroe Doctrine. "Japan has issued a Monroe Doctrine for the sphere which she would dominate. Perhaps she is justified in the claim..."

The majority of editorial opinions, however, were not inclined to pacifism, or even continued appeasement. The average opinion was as follows: "America prefers peace, but it is taking no advice from any aggressor, and is sidestepping no bluffs," according to the **Frederick Leader,** of Oklahoma. Generally, people felt that appeasement of Japan would mean "falling into the same kind of trap that led to the downfall of every nation in Europe which has been crushed so far in this war. To appease today is to surrender tomorrow."

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

December 29

Japanese plans for a **coup d'etat** in Thai were reported by the **United Press** from Hongkong. Four Japanese, en route to Bangkok under the guise of a "Goodwill mission," were said carrying personal instructions from Mr. Yosuke Matsuoka, Japanese Foreign Minister, to organize a pro-Japanese **coup d'etat** through the Thai army, to which Japan has been increasing military aid.

Reliable sources disclosed in Hanoi that Japanese on the night of Dec. 27 removed three truck loads of American-owned goods from American godowns in Haiphong.

More arrests made as the Chinese Government to check hoarding and the rise in commodity prices were anncunced.

Aiming to foster closer cultural relations among eastern peoples, the Eastern Cultural Association was formally inaugurated in Chunging.

In a leader dealing with the recent statement made by Colonel Mabuchi, the official **Central Daily News** saw an important admission of the Japanese position.

The Anglo-Chinese export credit guarantee agreement was extended for six months in order to make available the unused balance for China's credits, according to a special despatch from the London correspondent of the "Central News." Discussions to safeguard national currency were proceeding in Washington.

Declaring that reform did not necessarily mean "destroying old and building new," Baron Kiichiro Hiranuma, newly-appointed Home Minister, warned the nation against forming a wrong idea of the new structure movement.

Twelve cases of documents of the former Bureau of Public Utilites of the Shanghai City Government were removed by the Japanese from 172 Route Ghisi, Shanghai.

In a bitter denunciation of the Axis Powers and Japan, President Roosevelt lauded China's resistance against Japan and promised both China and Britain all possible aid short of American entry into war.

***

December 30

Quoting authoritative Washington quarters, the **Herald Tribune** said at least 400 pursuit planes and bombers, including six Boeing flying fortresses, might be placed at China's disposal by the United States soon.

According to the **Chugai Shogyo**, the Konoye Cabinet, with a view to silencing the growing public outcry against inefficiency in Government departments, has decided to carry out far-reaching changes in the Japanese administrative system.

Resolved to continue aiding China, Soviet Russia will not sign "any treaty" with Japan, according to Anna Louise Strong, famed American woman writer.

President Roosevelt might extend his arms "loan-and-lease" plan to China and Greece as well as to Great Britain, Mr. Henry Morgenthau, Secretary of the Treasury, said.

The Army section of the Japanese Military Headquarters in Tokyo announced Japanese losses during 1940 as 13,131, and total casualties since 1937 as 1,018,199.

Two formations of aeroplanes totalling 18 raided Szechuen. One group concentrated on the south air field of Chengtu, while the other attacked another district of the province.

A mail and passenger airplane of the Eurasia Aviation Corporation was surrounded and machine-gunned by a squadron of Japanese warplanes at an undisclosed district, **Kuo Min** reported. The Eurasia airplane, after being attacked, fell to earth in flames and was completely destroyed, but no casualties were caused.

***

December 31

Mr. Paul V. McNutt, Federal Security Administrator, told the **United Press** that President Roosevelt's "fireside chat" "placed Japan as well as the other two Axis powers on notice that the United States intended militantly to uphold its rights and the rights of Democracy wherever they are under fire." A headline typical in Tokyo daily newspapers appeared in the **Nichi Nichi**; "Roosevelt Sees Tripartite Alliance Countries as Enemies."

In a New Year's message delivered to the nation by radio, Generalissimo Chiang Kai-shek warned the Chinese nation that 1941 will be a life or death year for China and urged his people to heighten their spirit of sacrifice so that ultimate victory might be achieved over Japan. The Generalissimo expressed great satisfaction with President Roosevelt's promise that the United States would lend all possible aid short of war to China in her war against the Far Eastern end of the Totalitarian Axis. The Generalissimo emphasized that national reconstruction must be pushed forward despite the current hostilities and said that the nation's strength to achieve victory would come from wartime reconstruction.

Dr. H. H. Kung, Minister of Finance, in a New Year message said that foreign support of the finances of China was proving "encouraging". Reviewing China's financial history of the thirty years, Dr. Kung said the present financial soundness of China was a result of stabilization of China's currency before the outbreak of the present war. Other contributing factors he said, included bounteous harvests since the outbreak of the Sino-Japanese war, the utilization of urban capital to develop industry in interior China, and heavy contributions by overseas Chinese. Since the outbreak of the war, Dr. Kung revealed, China had floated 4,700,000,000 yuan worth of loans, partially abroad.

The massing of large numbers of Japanese troops in the vicinity of Canton was regarded by Chungking as preparatory to an advance against Hongkong, probably by attacking the Kowloon area, since no major Japanese operations in Northern Kwangtung are in sight.

The **Sao Tang Pao**, official news organ of the Chinese army in Chungking, estimated the total Japanese casualties since the start of hostilities as 1,700,000 killed and wounded, while for the period from January to November of this year Japanese casualties were

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estimated as 384,618 killed and wounded.

The contention that Japan was economically weak was strongly refuted by Mr. Isao Kawada, Finance minister, who stated that Japan could "stomach" her coming year's budget.

*
**

January 1

One of the most outstanding events of the New Year was the striking slogan "Welcome the victory year!" voiced unanimously by officials at Chungking and Chinese press circles in general. This was the first time the Chinese boldly marked out a new year as the "victory year" after more than three years' fighting.

Interesting figures regarding the Sino-Japanese hostilities in the past 3½ years were revealed by the Chinese War Minister, General Ho Ying-chin, "showing the increasing effectiveness of Chinese resistance." The entire war stage, according to Gen. Ho, could be divided into two major periods, with the war in Hankow as the separating line. "During the first period, the furthest advance by the Japanese was about 700 kilometers, but in the second period only 200 kilometers, and now not only no advance is made but there are signs of retreat. During the first period the highest figure of Japanese-occupied areas was 1,140,000 square kilometers, while in the second period the Japanese occupied only 90,000 square kilometers. Of these figures it must be pointed out that the Japanese actually occupied only 10 per cent of the areas. During these three years, the Japanese lost 1,600,000 troops killed and wounded, with 83 per cent of China's able-bodied men drafted. Japanese war expenditure in China totalled $16,400,000,000, while the Japanese note issue by the end of 1940 had reached $3,900,000,000."

According to high American, British and Chinese officials, the "Anglo-Chinese-American front in Asia" enters the New Year with supreme confidence, determined to protect their interests in the Orient—forcibly if it should prove necessary, **United Press** reported.

*
**

January 2

More than 30 officials of the Government have been arrested by orders of the Chungking Government, the **China Times** reported. They are suspected of being involved in hoarding.

A categorical denial that China was adopting an inflationary policy was made by Dr. H. H. Kung, Finance Minister, in a review of the financial situation.

Mr. Tatsuo Kawai, former Foreign Office spokesman, will be appointed first Japanese Minister to Australia, according to **Domei.**

Twelve Japanese bombers raided the air field of Kunming. Another formation of eight planes attacked the power station at Shihlungpah shortly afterwards.

*
**

According to **Reuter,** the Burma Road had gained added importance following the recent Postal Agreement between the Chinese Government at Chungking and the Government of Burma.

American Marine authorities in Peiping demanded a Japanese apology on the detention and ill-treatment of American Marines said to have followed a dispute with Japanese gendarmes in a cabaret on Dec. 30.

*
**

January 4

Like many other prominent Japanese in Japan, Admiral Eisuke Yamamoto, rabidly pro-Axis official now living in retirement, believed that the end of the China war is still far off, and "judging from present indications, it will be a year and half before General Chang is a disillusioned man."

The Chinese Government's six-year plan for the suppression of opium in China having expired on December 31, 1940, Mr. Chow Chung-yo, the Home Minister, announced that the Government's future policy would be to completely suppress addiction to opium by sentencing to death violators of the anti-opium regulations, to take measures against the policy of encouraging opium-smoking in China, such as preventing the smuggling of drugs to the interior.

Dr. Ong Wen-hao, Minister of Economics, submitted his resignation following arrests of Economic Ministry staff members on charges of speculating in cotton yarns and other commodities. His resignation however, was not accepted.

The US$50,000,000 Chinese currency stabilization agreement probably would will be signed next week, a U. S. Treasury spokesman told the **United Press.**

Who's Who in China

Tsao Foh-kong, eye specialist, born in Shanghai, 1909; graduate, St. John's University, Shanghai, 1932; M.D., the Medical School of the St. John's University, Shanghai, 1935; M. MSc., University of Pennsylvania, Philadelphia, 1939; visiting eye physician of German Hospital and Graduate Hospital, Philadelphia, 1937; Wills' Eye Hospital, Philadelphia, 1937; Chief Resident eye physician, Graduate Hospital, Philadelphia, 1938; Associated with Dr. T. M. Li, Shanghai, 1939—now; author of: "A Study of Glioma of Retina"; address: 133 Yuen Ming Yuen Road, Shanghai.

曹福康
Tsao Foh-kong

Hongkong and Shanghai Bank Dividend

Subject to audit, the Hongkong and Shanghai Banking Corporation probably will pay a final 1940 dividend of £2.10.0, subject to deduction of Income Tax. The Corporation has written off bank premises an amount of H.K.$1,000,000 and carries forward to the current year another H.K.$3,422,000, it was announced by the **Shanghai Evening Post** on Wednesday.

Hongkong and Shanghai Bank on August 12 last already paid a 1940 interim of £1.10.0, so that the bank's total profit distribution for the past year amounts to £5.0.0, minus Income Tax. This distribution equals that for the previous year, and also the carry forward to 1941 is practically the same as for 1940.

Improved earnings, however, are indicated by the H.K.$700,000 increase in writings-off bank premises which for 1939 aggregated but H.K.$300,000.

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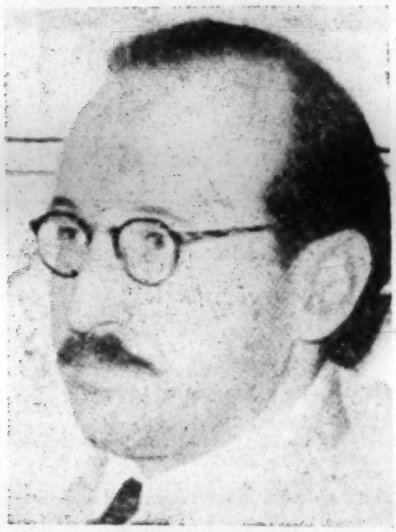
Men and Events

The White Paper issued by Congressman Martin Dies on the subject of Nazi propaganda in America devoted major attention to Dr. Manfred Zapp, U. S. Director of the German **Transocean News Service.** Dr. Zapp was sent to the United States to sell the American



Propagandist Zapp

press a news service, which was described in **Time** as "doctored and Nazified." Dr. Zapp's correspondence which was seized by the Dies committee contained many urgent cables from Berlin demanding information on Franklin Roosevelt's political chances. The report charged that the Nazi news service was engaged in extensive propaganda activities, particularly with the object of indoctrinating South American countries. The report said that at least 6,000,000 persons in the United States were now members of organizations controlled by Germany, Italy or Russia. Congressman Dies, head of the committee, is a native of Orange, Texas. Recently he asked Congress for an additional appropriation of US$1,000,000 to finance further investigations into un-American activities.

*

Gen. Wu Teh-chen, former Mayor of the Municipality of Greater Shanghai, and now Director of Central Party Overseas Affairs at Chungking, departed from Singapore for Rangoon, capital of Burma on Jan. 14. After some time in Rangoon, Gen. Wu planned to proceed to Chungking over the Burma Road. While in Singapore, Gen. Wu delivered an address urging the local Chinese population to cooperate with the British authorities" for the maintenance of permanent peace and order in the Far East."

*

The Government of the Dominion of Canada on Jan. 9 announced that plans were being made for registering all Japanese residents of the Province of British Columbia. William L. Mackenzie King, Prime Minister, said the action was being taken to protect the Japanese themselves, due to rumors of a growing anti-Oriental movement on the Canadian west coast. The report stated that most of the Japanese were thoroughly loyal to their adopted land, but disloyal and subversive acts would be dealt with energetically. It also was stated that Canadians of Oriental origin would be exempted from compulsory military service. All Chinese in western Canada were registered a a few years ago.

Hikozo Tanaka, former Japanese Consul at Tientsin, has been appointed Consul-General at Hankow.

*

H. C. Chen, Chinese Education Officer with the Municipal Council of the International Settlement, has resigned.

*

Wang Shou-shan, who was appointed Nanking Consul-General at Kobe, Japan, has been transferred to a "certain important post," and Peng Tung-yuan, Mayor of Canton, has been appointed his successor, according to **Domei.**

*

According to the **Ta Kung Pao,** 500,000 laborers who were employed in the construction of the Burma Road, have been provided with new employment in the construction of a new road which will link Yunnan and Sikang, and also on two important railway projects, the Yunnan-Burma and the Yunnan-Szechuen lines.

*

Dr. Chu Min-yi, recently named as Nanking's Ambassador to Tokyo, is now in Peiping conferring with Japanese military and other officials, prior to proceeding to Japan. On Tuesday of this week he visited Lieut-General Susumu Morioka, head of the North China Liaison Office; Gen. Hayao Tada, Commander-in-Chief of Japanese Expeditionary Forces in North-China. He also visited the head office of the Japanese Asia Development Board in Peiping.

*

Kenjiro Hayashide, First Secretary of the Japanese Embassy in Peiping, has been appointed dean of students at Tung Wen University at Shanghai in succession to Jiro Nakauchi, who has resigned. The **Shanghai Mainichi** reported this week that several new professors will be appointed to the staff of Tung Wen shortly. The report stated that all appointments to Tung Wen University must be approved by the Tokyo Foreign Office.

The recent postal agreement between the Chinese Government and the Government of Burma provides for the transport, over the Burma Road, of international mail. Large quantities of mail from China ports are now sent to Rangoon for transport to Lashio where Chinese trucks take delivery and transport the mail to points in west China.

*

Regular mail and passenger air service between Manila and Batavia, Netherlands Indies, was started on Jan. 6, according to announcement of the Royal Netherlands Indian Air Lines in Manila. Mail will be dispatched from the Philippines to Australia, Thailand, Burma, India, Iran and Africa, the Company announced.

*

It was announced in Mukden on Jan. 4 that the existence of a rich oil field in the Taierhkou district of Jehol Province had been confirmed by Dr. Kobayashi, Japanese geologist, who had made a survey of the region. He said that the rock strata in the Jehol area was similar to that in American oil fields. He claimed that experimental borings had produced "jetblack crude oil from a stratum only 25 feet underground. The professor was sure that this district would become the "treasure house of Manchukuo."

*

The French **Havas** service reported on Jan. 9 that quarantine measures adopted by the authorities of the Soviet Union required travellers on the Trans-Siberian Railway to remain in quarantine at the border town of Manchouli for seven days before proceeding on their journey across Russia. All passengers arrirving from Manchuria, where an epidemic of bubonic plague prevails, must first take a disinfecting bath and have their clothing disinfected. The passengers are then required to remain in an "isolated" railway car for seven days.

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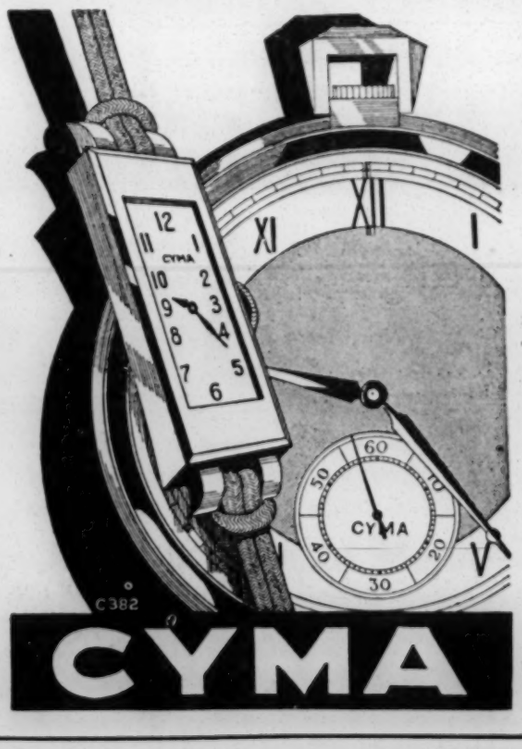

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Byron J. Stansfield director and Manager of China Import and Export Lumber Company has returned from a trip to the United States.

•

Rear-Admiral Masao Kanezawa, former Chief Japanese Naval Resident Officer at Shanghai, has been appointed Naval Attache at the Japanese Embassy in Nanking.

•

The Duke of Windsor, Governor-General of the Bahamas, arrived in Miami, Florida, by plane on Jan. 12, where he was the guest of the Governor of Florida at the annual United States air maneuvers.

•

Paul Meyer, American Consul at Tsingtao, has returned to Tsingtao following a trip to Shanghai. He accompanied Mrs. Meyer and their child to Shanghai last week on their way to the United States.

•

The Rev. W. H. Hudspeth, will be the guest of honor and speaker at a meeting of the American University Club, on Friday, Jan. 24 at 12:15 o'clock. The subject of Rev. Hudspeth's address will be, "1,200 Miles Through Indo-China.

•

A new paper mill, known as the Lung Chang Paper Factory, previously located in Shanghai, will begin operation in Chungking shortly, according to **Kuomin** report. The mill will produce paper for text-books for the present due to the high cost of materials. The mill has a capacity of 9-tons daily and has been specially constructed to avoid damage by air raids. The mill will later produce news print paper.

•

The U. S. Department of Justice on Dec. 18 ordered the expulsion from the United States of Princess Maria Hohenlohe of Hungary and Karl Schuering, 18-year-old Nazi sympathizer. Princess Maria, said to be a close friend of Hitler, was with the German Consul-General at San Francisco, Capt. Fritz Weidemann, when Federal Agents served her with the expulsion order. The Department of Justice refused the pair's application for renewal of their visitors' permits. Dr. Otto Denzer, German Vice-Consul in San Francisco, said he did not have the "faintest" idea why the United States was expelling the princess.

•

Dr. Robert E. Brown, formerly of Wuhu, was elected a Fellow of the American College of Hospital Administrators and was honored by the American Hospital Association at recent meetings of the organizations in the United States. Dr. Brown recently delivered a series of lectures on the relief situation in China, in various parts of the United States. Dr. Brown was appointed special medical representative by the National Christian Council and made an extensive inspection trip in the interior. It was largely due to his work that additional funds for medical relief in China, were sent from the United States.

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The Government of Iraq has announced its intention of appointing a Minister to the United States in place of the honorary consul who has represented the country in the past.

*

The Manchukuo Government announced on Dec. 14 that it would employ 2,000 policemen recruited in Japan. The Japanese police will be used, according to the report, in special work. The men will first be given a course of training at the Central Police Institute in Japan, following which they will be sent to various places in the puppet state.

*

The Iran Government, according to a dispatch from Washington by **Transocean** on Jan. 10, has announced its intention of purchasing all schools and scientific institutions established by American Missionaries in Iran. The price to be paid is US$1,200,000, stated the report. The report said that the State Department had assisted in the negotiations.

*

A report from London on Dec. 19 said that the construction of a railway from Lashio, Burma to the Yunnan border, would be most difficult and would involve engineering work over hundreds of miles of mountainous terrain. L. S. Amery, Secretary of State for India, replying to questions on the subject in the House of Commons, said that the subject was of extreme importance to British trade, hence he would consult the Burma authorities immediately regarding the advisability of pushing construction of such a line. Mr. Amery said the Chinese authorities had already completed a survey on their side of the line, but construction was still several hundred miles short of the Burma border. Construction on the Burma side would involve the building of a bridge with a 500 foot span over the Salween River.

James Joyce, world famous Irish author of the book, Ulysses, died at Zurich on Jan. 13, at the age of 59 years. He was born in Dublin and received his education at Belvedere College, and University College, Dublin.

*

The American Red Cross on Jan. 13 shipped 6,000 tons of foods, valued at US$1,000,000, to France, where it will be used for feeding the starving civilian population in sections of France which are not occupied by Nazi troops. The shipment included 750 tons of condensed milk, 25 tons of clothes and 10,000 parcels of canned foods, which will be sent to French war prisoners in Germany, who were reported to be in destitute condition.

*

Gen. Chu Ching-lan, well known philanthropist and member of the Chinese war-time relief commission, died at Sian, Shensi on Jan. 13. He was 63 years of age and was a native of Kwangtung Province. Gen. Chu served on occasion as Civil Governor of Kwangtung; member of National Famine Relief Commission; adviser to Northeastern Frontier Defense Headquarters. Gen. Chu was well known in Shanghai as director of Flood and War relief activities.

*

The **I Shih Pao**, well known Chinese paper, now published in Chungking, has completed a survey of Catholic missionaries in China. According to the survey there are 2,862 foreign Catholic misssionaries in China, of whom, 536 are French; 465 Italian; 395 German; 309 Belgian; 297 American; 269 Spanish; 140 Dutch; 125 Canadian; 87 Irish; 45 Swiss; 44 Portugese; 33 Polish; 32 Austrian; 30 Hungarian; 9 Yugoslavian; 8 Tyrolese; 5 Australian; 3 Rumanian; 2 Scottish; 1 Russian; 1 Mexican; 1 Brazilian; 1 Argentinian; 1 native of Luxemburg; and 1 Czechoslovakian.

The Chinese National Central Library, now located in Chengtu, capital of Szechuen, has announced plans for the early opening of a branch in Chungking.

*

Rear-Admiral Harold M. Bemis, former U. S. Naval Attache in Japan, has been appointed Commander of the 16th U. S. Naval District in the Philippines and assumed office at Manila on Jan. 10. He succeeds Rear-Admiral Morris S. Smeallie.

*

Albion Ross, Foreign Editor of **The San Francisco Chronicle**, who spent several days in Shanghai following a trip through Indo-China, departed for the United States by way of Japan on Sunday, Jan. 12.

*

The Universities China Committee in London fostered a series of lectures in London on Jan. 12 by Britons who previously had served in China, including Sir John Pratt, former Consul-General in Shanghai and B. S. Townbe, secretary of the British Institute of Oriental Affairs. The lectures were attended by students from Asiatic countries who are enrolled in British universities. The subject discussed was, "Reconstruction of Bombed Cities."

*

The Japanese police authorities disclosed on Dec. 26 that a French missionary named A. Huzet, stationed in Kumamoto Prefecture, Japan, had been arrested on a charge of violating the Military Secrets Protection Law, the Army Penal Code, the wireless and Telephone Law and the Postal Regulations. Mr. Huzet was arrested more than three months previously, but the Japanese newspapers had been warned against mentioning the case. Following his graduating from a theological seminary in Paris, Mr. Huzet went to Nagasaki as a missionary in 1900 and had served in various parts of Japan.

*

Aw Boon Haw, wealthy Chinese, who is popularly known as the "Tiger Balm King" has announced plans for organizing a $50,000,000 Overseas Chinese Development Company. The Company will concern itself with the development of Fukien province following the cessation of Sino-Japanese hostilities. Although a native of Fukien, Mr. Aw was born in Singapore and made his fortune by marketing an ointment somewhat similar to Mentholatum. Recently, Mr. Aw went to the Philippines where it was reported more than $20,000,000 had been subscribed. He plans to proceed to Singapore from Chungking shortly in order to obtain subscriptions from Chinese residing in that area.

*

The American Red Cross Society has announced plans for establishing an emergency relief station in Chungking, according to **Kuomin** report on Jan. 10. The report said that the national headquarters in Washington had cabled Mayor Wu Kuo-chen to the foregoing effect in response to an appeal for American aid, which was broadcast to the United States on New Year's Day. A further report dealing with American Red Cross aid, stated that US$1,700,000 worth of medical supplies, clothing and food stuffs was ready to be shipped from San Francisco to China. The shipment, according to **Domei** consisted of large quantities of aspirin tablets, sodium bicarbonate, more than a million sulfanilamide tablets, chloroform, ether and iodine. Payment for the medicine was made from the recent U. S. loan to Chungking, stated, the report, adding that 20,000 vitamin tablets had already been shipped by Clipper plane free of charge. Two further shipments of 10,000 vitamin tablets were scheduled for the other Clipper planes and also on the liner President **Taft**.

New Books of Interest in the Far East

Intellectual "Ma Joad"

MY NATIVE LAND. By Anna Louise Strong. 1940. New York, The Viking Press.

Anna Louise Strong who recently was in China on her way to U.S.A. from Moscow, is well known for her part in events in Russia and in China in revolution, and for her books which tell about these countries, **"I Change Worlds"** and **"One Fifth of Mankind."** Her present book **"My Native Land"** is about the United States.

"You know these Oklahomans," she writes, "You remember Ma Joad driving into the future, saying 'we keep a-comin'. We're the people.'" Miss Strong is a kind of intellectual Ma Joad, driving her own car across the country, responsive to the social pulsebeat. Starting in California she moves into Nevada asd into the Northwest, thence into the East and the South. The great American problem she finds is insecurity of employment and income. The remedy lies partly in cooperatives; but government doesn't like cooperatives: "The jobless, it is clear mustn't be allowed to produce anything even remotely marketable. The whole profit system begins to crack if they do." Unemployment grows, not because of President Roosevelt but "because America is so rich and efficient." Of all kinds of relief, the best by far is federal work relief. "It proceeds on the view that people eager to work should be allowed to, not in ways that enter the market, but on tasks for the public good."

Santa Clara County, California is taken as a cross-section illustration of some Federal activities to aid the farmer. Here the Farm Loan Association and the Production Credit Association are lending money to the farmers, the AAA is paying for the cost of soil building, the work to be done under government advice and inspection; the Farm Security Administration is 'nursing' farming families towards self-support. For the migrant farmhands relief is often given outright. And when there are disputes the National Labor Relations Board is on hand. Thus government is entering into people's daily living.

"Timber dominates the life of the Pacific Northwest," writes Miss Strong; "two-thirds of the people north of San Francisco depend on it in one way or another for a living. When timber perishes the Pacific Northwest perishes." But the industry is declining. "If war stops in China, she might buy timber," says one person interviewed, "but other countries are developing competition there." The illness here, Miss Strong implies, is a system dominated by profits. Yet when she turns to the C.C.C. boys whom the government has given a chance of self-respecting work, she is disappointed in one respect: "We don't discuss politics in the camp," they said. This passivity would consolidate class rule and instill a new slave morality.

But the Grand Coulee dam brings admiration. "The Great Pyramid of the Pharaohs was for centuries the largest structure ever yet built by man; it was surpassed by Boulder Dam. But Coulee is larger than the famous Boulder" and many others combined. Coulee stands for the hope of America. So does TVA. Unions and collective bargaining are good. The workers are learning strategy, "gaining dominance over machinery." "To submit to the machine of our own productive mechanism and to let it be commanded by the war profiteers is to go down with the world into ruin. To command the great productive machine of America to feed, clothe, and house all our people is our own road to plenty and the world's road to peace."

Reaction and the Church

THE CATHOLIC CRISIS. By George Seldes. Julian Messner, Inc., New York, 1939. 357 pages. U.S.$3.00.

It is no surprise to find the Catholic Church on the Conservative side in politics—its traditional role; but a large section of world opinion was amazed when leadng members of the hierarchy gave their open approval to General Franco and his Fascist allies during the recent civil war in Spain. It was against this background that Mr. Seldes wrote his book, the purpose of which is to examine the alliance between the authoritarian Catholic Church, and the European dictatorship, which to the author signify nothing but Reaction.

Even though most of the Church leaders may, in his opinion, be reactionaries, there is to be found, however, among the masses of the faithful a liberal element which, if anything, is numerically stronger than the other. Mr. Seldes, who himself is a non-Catholic, shows this to be true by studying the Catholic Church in the United States, where statistical measurements of public opinion, such as those conducted in the Gallup Polls, reveal wide discrepancy between the views of some extremely reactionary Church leaders and the opinions of thousands of relatively silent Catholic average citizens to whom democracy and its liberal ideals are dear. This fact, he does not believe, should be any reason to minimize the evil influence on American life of the more outspoken and prominent reactionary Catholics, like Father Coughlin, and a great part of the book is devoted to disclosing the way in which pressure from this group affects the national and local political scene, its hostility to the cause of civil liberties, its tendency to sympathize with anti-Semitism, and its attempts to warp education, the cinema, and other aspects of our cultural life to its tenets.

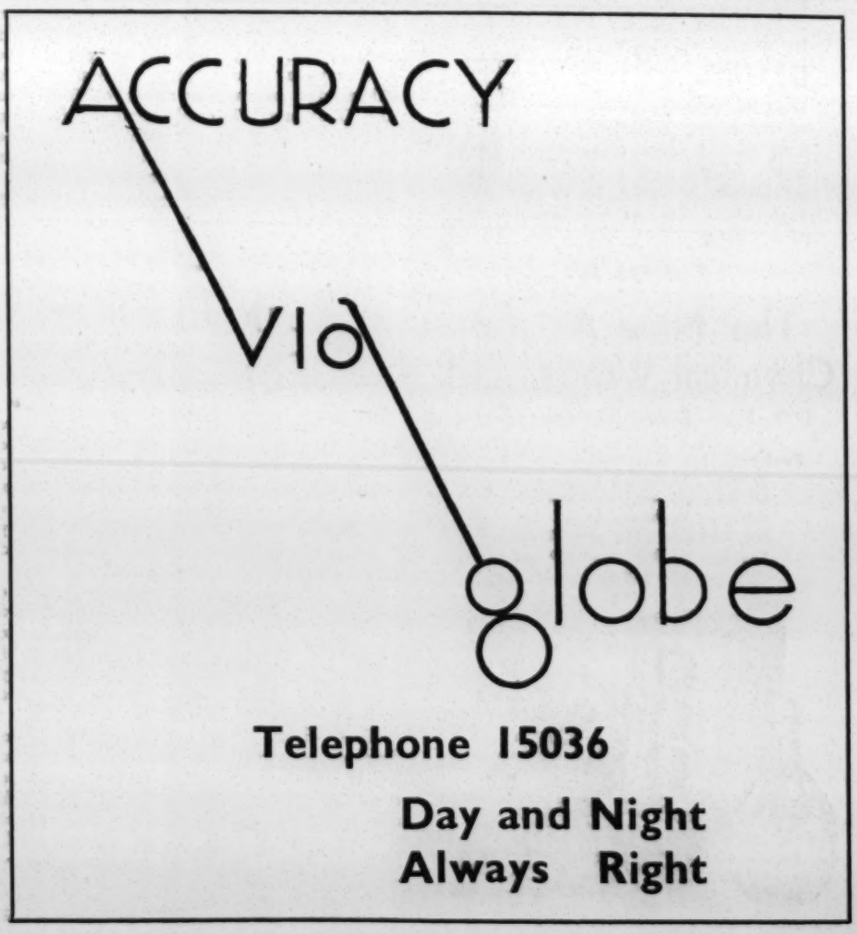
The struggle between Reaction and Progress taking place all over the world (the author simplifies our present problems in these terms) is today taking place within the Catholic Church as well. That is what he terms the Catholic crisis; for if the Church is to survive, he believes Catholics on the side of Progress who live in democratic countries must force the issue and cure the Church of its reactionary element. The author believes that the alliance between Church and the Fascist states is not unbreakable. (Events since the time he wrote support his view.) But if the Church should continue to be the ally of Reaction, he predicts its doom. Even though so many times in the past centuries it has emerged victorious in its clashes with men and ideas, on this occasion it will meet its fall. It can eypect no mercy when the anti-Fascist forces eventually triumph.

B.D.C.

You Be the Jury

JAPAN'S CASE EXAMINED. By Westel W. Willoughby. Johns Hopkins Press, Baltimore, 1940. pp. x, 237. U.S.$2.50.

The well-known American political scientist and specialist in topics of international relations in the Far East has written a brief survey and critical examination, primarily from a legalistic standpoint, of Japan's arguments in defense of her policy toward, and actions in China during recent years. Readers will recall Dr. Willoughby's longer work, **The Sino-Japanese Controversy and the League of Nations,** published in 1935. This new volume summarizes the former and brings the account up to



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date. A special chapter is devoted to events at the close of 1938, when the "New Order" was proclaimed, and contains selections from important Japanese, British and American documents of that time. The story is carried down as far as March 30, 1940 with the inauguration of the Wang Ching-wei regime. Several important documents like the Nine-Power Treaty, the Paris Peace Pact, and others showing the American and British official attitudes toward various Japanese declarations and actions, are included as appendices. The book is a handy manual for reference, though it contains no new contributions of special interest. The author's method, on the whole, is to use Japanese statements, official pronouncements, as justification for Japan's case. If the total result appears, to the reader, to be unfavorable to Japan, the author attributes this to the facts of the case rather than to any prejudice on his part.

B. D. C.

(*Continued from 240*)

difficulties in transport may be demonstrated by the following statistics.

Retail Prices of Medium Quality Rice along the Yunnan-Burma Highway, March, 1940 (per **Liang** or approximately two ounces):

Stations along the highway	Prices per **Liang** in C.N. Currency
Kunming	0.0609
Lofung	0.0462
Tsiangyung	0.0250
Yungpie	0.0269
Yungping	0.0288
Yunglung	0.0272
Paoshan	0.0250
Lungling	0.0234
Mongshu	0.0155
Chaifong	0.0120

Kunming is situated in the middle of a rice producing region and is, moreover, connected by rail with the granary of Indo-China. Yet the cost of price here was several times higher than in the other rice producing areas of Mongshu and Chaifong. Though most stations on the highway were not considered to be in a rice producing region, the prices were lower than in Kunming.

Risks Children Run In The Far East.

In China and the tropical East babies and young children are subject to much greater health risks than are those who live in more temperate lands, for reasons associated with climatic conditions and environment. Every thoughtful parent knows this and should take precautions accordingly.

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In the United States Court for China

BENJAMIN KAY WONG, *Plaintiff*, vs. SELMA JAMES WONG, *Defendant.*	Cause No. 4566 Civil No. 2445 ORDER Filed at Shanghai, China, Jan. 11th, 1941 WILLIAM T. COLLINS Clerk.

The object of this suit is an action for divorce for the dissolution of the bonds of matrimony between the parties hereto.

WHEREAS, plaintiff herein, by his attorney, has this 11th day of January, 1941, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 10th day of January, 1941, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 9th day of January, 1941, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China, nor has she resided therein for more than six months last past from said date, and that defendant's last known address was c/o Nanking Restaurant, 66 West Randolph Street, Chicago, Illinois, U.S.A.

NOW, THEREFORE, it is this 11th day of January, 1941, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 1st day of February, 1941, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:
Dated at Shanghai, China,
this 11th day of January, 1941.
Leighton Shields,
Attorney for Plaintiff.

MILTON J. HELMICK,
Judge.

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JAPAN'S WAR IN CHINA

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They are 5" × 7½" in size and the number of pages runs from 116 to 180 for the different volumes.

Vol. 5 of the detailed day-to-day record of Sino-Japanese hostilities is now off the press. It covers the period from July 7, 1939 to December 31, 1939.

Outstanding developments in this period include the beginning of Japan's air raids on Chungking, Wang Ching-wei's activities at Nanking, Anglo-Japanese negotiations over the Tientsin incident, beginning of terrorism at Shanghai, abrogation of the America-Japanese Trade treaty, initiation of anti-foreign movements by Japanese Army authorities, "slapping" and "stripping" incidents at Tientsin, Ambassador Grew's denunciation of Japan's anti-American activities in China, beginning of U.S. "moral" embargo against Japan, etc., etc.

Preceding volumes of this series cover the following 6-month periods:

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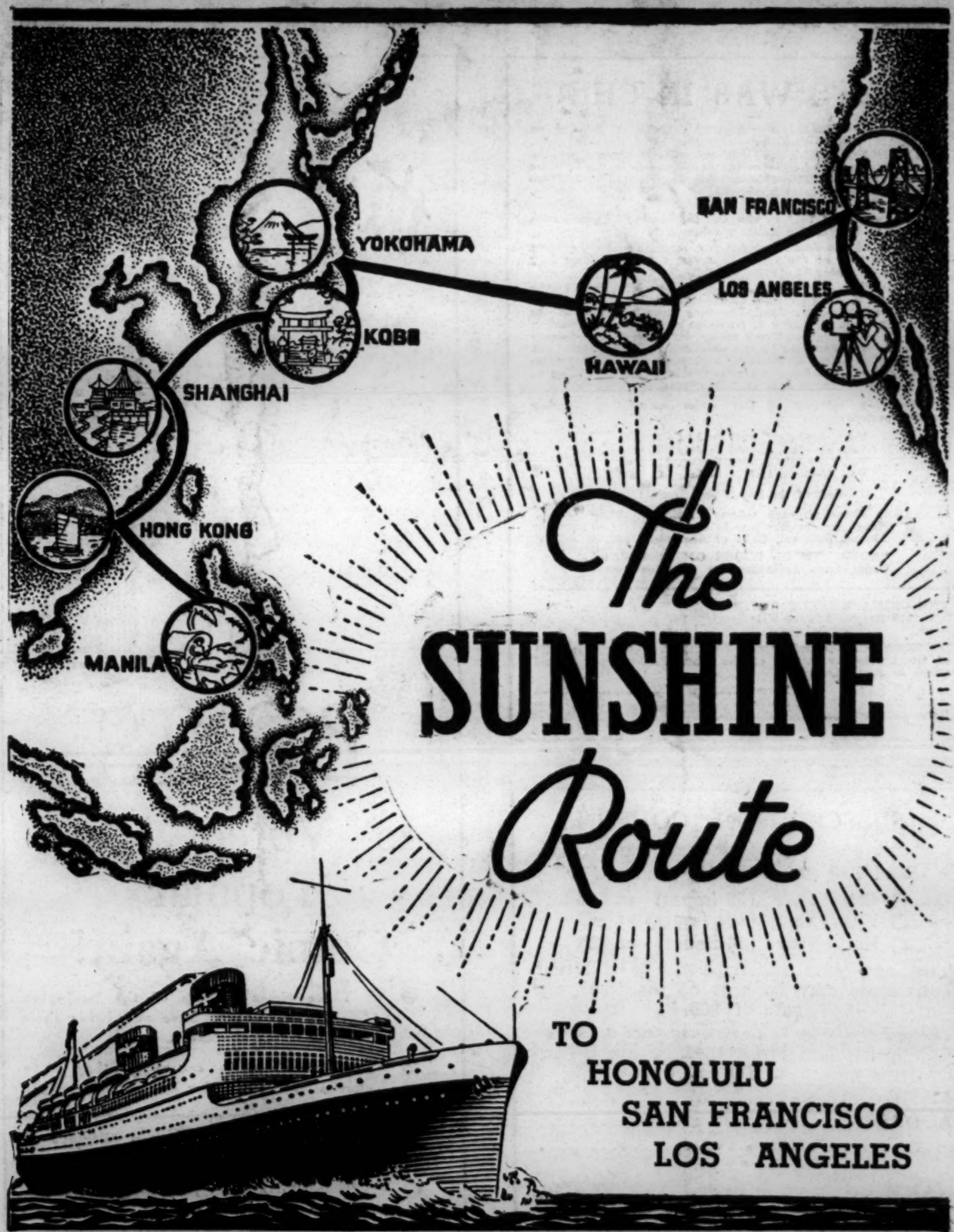

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